Austria ... Sch. 18	Indonesia .. Rp 2700	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr.38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pts 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon . £L 8.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr.38	Switzerland SFr2 20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan ... NT $35
France .. FFr. 6 00	Mexico .. Pes 300	Tunisia .. Din 0.500
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey ... L 270
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 8.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,649 Friday June 14 1985 D 8523 B

New Zealand: Lange's reforms face by-election test, Page 4

World news

France and Italy back peace initiative

President Francois Mitterrand of France and Sig Bettino Craxi, Italy's Prime Minister, expressed support for the Jordanian-Palestinian peace initiative at a meeting in Florence aimed at planning the EEC summit later this month.

They signalled a desire to include the Middle East on the Milan summit agenda. They agreed that the decision-making machinery of the EEC was hindered by too many single nation blockages and gave their support for the idea of greater use of majority voting.

The two leaders also endorsed the idea of a new co-operation agreement between Comecon and the EEC. Comecon initiative, Page 2

Beirut fighting

Heavy fighting broke out around Palestinian refugee camps in Beirut, while in south Lebanon diplomatic efforts continued to secure the release of 21 United Nations soldiers held by the Israel-backed South Lebanon Army. Page 4

Israel downs aircraft

Israel shot down a Syrian pilotless reconnaissance aircraft on the Israel-Lebanon border, reportedly the first such incident for more than a year.

Moscow gives order

The Soviet Union has ordered its allies to develop the second phase of a space-based anti-missile defence system, said Juergen Todenhoefer disarmament spokesman for the ruling Christian Democratic Union party in West Germany.

Democrats quit

Portugal's Social Democratic Party carried out its threat to withdraw from the coalition government, leaving Socialist Prime Minister Mario Soares the choice of resigning or continuing without a parliamentary majority. Page 2

S Africa resign call

Opposition leaders in the white House of Assembly called for the resignation of Minister of Law and Order Louis Le Grange and swift action against police officers criticised in the Kannemeyer report on the shooting of 20 black mourners in March. Page 4

Swedish curbs

The Swedish Government recommended severely curtailing contracts with South Africa to protest against apartheid. The foreign ministry urged that cultural, scientific and sports contacts with Pretoria be avoided.

Spanish prison riot

Prisoners in the southern Spanish city of Malaga shot dead one policeman, injured another and took at least 10 hostages during a prison riot on overcrowded conditions.

Israeli call up

Israeli radio and television broadcast codewords alerting thousands of military reservists to units as part of a call up exercise to test mobilisation procedures.

6 die in Iraqi raids

Iraq said its war jets attacked nine Iranian towns. Iran reported that six people were killed in the raids.

Train crash kills 35

At least 35 people died and 100 were injured when two trains collided head on near the Taj Mahal, India's foremost tourist attraction.

Investment boost

The French Cabinet approved a series of measures to encourage foreign investment through simplifying bureaucratic procedures and cutting costs. Page 2

Business summary

NZ cuts budget deficit by half

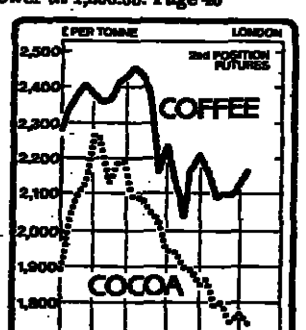
NEW ZEALAND has slashed its budget deficit by more than half, bringing it down to 2.8 per cent of gross domestic product. Page 4

WESTLAND, troubled British helicopter group, capitulated to an £89m ($112.67m) consortium bid led by Alan Bristow. Page 19

TOKYO stocks continued lower for the second consecutive day. The Nikkei-Dow market average shed 30.85 to 12,717.16. Page 40

LONDON shares wilted under a continuous stream of funding. The FT Ordinary share index fell 7 to 977.0, making a loss of 21.4 over the last two trading sessions. Page 40

WALL STREET: At 3pm the Dow Jones industrial average was 10.31 lower at 1,296.03. Page 40



DOLLAR improved in London, rising to DM 3.0995 (DM 3.089), SwFr 2.6095 (SwFr 2.5985) and FFr 9.4425 (FFr 9.41). It was unchanged at Y249.8. The dollar's exchange rate index rose to 146.1 from 145.7. Page 33

STERLING lost 30 points against the firm dollar in London to close at $1.2645. It also fell to Y316.0 (Y316.75) but was firmer at DM 3.9175 (DM 3.915), SwFr 3.3 (SwFr 3.295) and FFr 11.935 (FFr 11.92). The pound's exchange rate index rose to 79.5 from 79.2. Page 33

GOLD fell just $0.25 on the London bullion market to finish at $314.00. It was down $0.75 in Zurich to close at $314.15. In New York the Comex August settlement was $317.40. Page 32

BRITAIN'S attempts to set up a £500m ($630m) direct broadcasting by satellite project have collapsed. Page 18

SVENSKA TOBAKS, Swedish tobacco group, is to buy Pinkerton Tobacco, U.S. chewing and pipe tobacco subsidiary of Britian's Grand Metropolit an, for $137.8m Page 23

TWA shares were suspended amid reports that the U.S. airline would accept a $790m bid from Texas Air. Page 18; Wall Street report, Page 40

CHRISTIAN Salvesen, one of the UK's largest private companies, is planning a share flotation which will put a value of £315m ($397m) on the diversified food processing and housebuilding group. Page 7; Lex, Page 18

HONGKONG LAND, the debt-laden property group, has agreed to sell its Excelsior Hotel to an unnamed South East Asian buyer for HK$830m (U.S.$106m), after withdrawing it from the market in February. Page 21

EAST ASIATIC, Danish shipping and industrial group, forecasts improved sales and profits for the current year after a sharp upturn in the first quarter.

U.S. House of Representatives banking committee approved legislation to permit nationwide interstate banking after a five-year transition period. Page 19

ITALCEMENTI, Italy's leading cement producer, plans to treble its capital base from L40bn ($20m) to L120bn by the issue of shares tied to an asset revaluation and an offer of new savings shares. Page 19

U.S. retail sales fell $906m, or 0.8 per cent in May, to a seasonally adjusted $113.68bn. It was the biggest drop for 10 months. Page 5

Burroughs, Sperry aim to form No 2 computer group

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

SPERRY and Burroughs, two of the leading U.S. mainframe computer manufacturers, said yesterday that they are in merger talks on a deal that would create the world's second largest computer group after International Business Machines (IBM).

The combination of the two companies, whose joint computer revenues would be slightly ahead of Digital Equipment's, would create a new industrial conglomerate with annual sales of about $10.5bn and products ranging from office equipment to defence eletronics and farm machinery.

The announcement of the talks appeared to end mounting Wall Street speculation about the future of Sperry, which had been widely seen as a takeover candidate even before ITT pulled out of merger talks with the New York-based group at the start of March.

Nevertheless confirmation that a possible deal was under negotiation led to a flurry of activity on Wall Street with 3.5m Sperry shares changing hands within three hours of the opening of dealing in the stock.

	Burroughs	Sperry
1984 sales ($m)	4,875.6	5,687.2
Change on year (%)	+11	+15.7
1984 profits ($m)	244.9	286.7
Change on year (%)	24	32.6
Employees	65,000	73,400

Research by Rivka Nachoma

Sperry's shares fell by 25 cents to $75.50 by lunchtime, valuing the group at about $3.2bn, Burroughs stock plunged $3⅜ to $56, putting a market capitalisation of $2.5bn on the Detroit, Michigan-based group.

If the transaction goes ahead on this basis it would rank as one of the largest non-oil mergers in the U.S. where a wave of multi-billion dollar deals have recently been concluded.

Sperry and Burroughs are two of a group of five "bunch" mainframe computer groups which also includes NCR, Control Data and Honeywell. These mainframe manufacturers have faced increasing pressure from IBM, the aggressive market leader, which has expanded its range of products and chipped away at its competitor's installed base.

Some rationalisation amongst the "bunch" companies has been mooted on Wall Street for years. However, this deal comes at a time of turmoil in the U.S. computer industry where earnings estimates have been slashed, large numbers of workers laid off and several plants closed in recent months. Earlier this week both Sperry and Burroughs announced labour cuts and plant reductions.

In common with other leading high-tech companies Sperry and Burroughs both enjoyed sparkling earning performances last year. Burroughs' net earnings increased by 24 per cent to $244.9 on sales of $4.9bn last year, while Sperry posted a 32.6 per cent net earnings gain to $286.7m on revenues of $5.7bn in its fiscal year ending March 31.

In the current year, however, analysts have been forecasting some

Continued on Page 18

Outlook turns murkier, Page 16; Lex, Page 18

London rejects Paris offer of cheap power

BY IAN HARGREAVES IN ATHENS

BRITAIN has rejected a French offer to supply it with cheap electricity because cut-price imports could damage the UK coal industry and provoke resistance from the country's power industry unions.

M Marcel Boiteux, chairman of Electricité de France, said yesterday that EdF had offered to send surplus power supplies across a new cable link beneath the Channel when it is completed later this year.

The electricity, produced by nuclear power could be offered at a price well below UK generating costs, he said, adding that Britain had turned down the proposal for social and political reasons.

Mr Fred Bonner, deputy chairman of Britain's state-owned Central Electricity Generating Board who, like, M Boiteux, is in Athens for the triennial a conference of the International Union of Producers and Distributors of Electrical Energy (Unipede), said that initially any proposed French supply would displace expensive fuel oil in power stations but would soon also have an impact on CEGB demands for coal.

"Once you start eating into coal you would have the problem of what it means to the National Coal Board," he said. The future size of Britain's coal industry was still under discussion between the board and the government, so it was difficult for the CEGB to make a commitment to EdF, he added.

It is clear, though, that the UK electricity supply industry intends to use the French offer as a bargaining counter in negotiations over coal prices. Under the terms of a four-year rolling agreement, the CEGB is bound to take 95 per cent of its coal from the NCB.

In return, the coal board raises prices annually at less than the rate of inflation. However, the electricity industry now fears that, in its anxiety for the coal board to meet its break-even target by March 1987, the government will be tempted to sanction higher coal prices.

The French offer of cheap power is therefore of considerable significance for the pricing talks. The link's first stage will have a capacity of 1,000 mw – almost equal to the output of Britain's proposed nuclear power station at Sizewell in Suffolk – and this will be doubled by the end of next year.

The link was originally seen in Britain as a way of selling coal-produced power to France, which was

Continued on Page 18

Getty gives £20m to London's National Gallery

By Antony Thorncroft in London

LONDON'S National Gallery has been given £20m ($25m) by Mr J. Paul Getty Jr, third son of the late U.S. oil magnate, and expects the endowment to be raised to £50m in the near future.

Mr Getty is believed to be keen to ensure that the National Gallery can compete with the J. Paul Getty Museum in Malibu, California, which has about $100m a year to spend in the competition for works of art. The endowment is "probably unparalleled by any one individual in the history of British public collections," said Mr Jacob Rothschild chairman of the trustees of the National Gallery.

The money, to be spent primarily on paintings, completes a notable double for the gallery, which announced in April that John, Simon and Tim Sainsbury – members of the family which controls Britain's leading supermarket chain – would pay for a £20m extension.

Sir Michael Levey, the gallery's director, publicly expressed concern earlier this year that the British Government had reduced his purchasing grant for 1985-86 to £2.3m – less than the current price for one good Old Master picture.

Now, with money invested to produce extra revenue of around £2m a year initially, the National Gallery is well placed to fill the few gaps in what is already one of the world's finest collections of paintings. Sir Michael is keen to acquire a Gauguin, and to improve the gallery's pictures in the French 19th century and the earlier German sectors.

Mr Getty, a U.S. citizen resident in the UK, is a beneficiary under the J. Paul Getty Trust, which was set up in 1934. Since the money derives from the U.S. he will be able to claim a tax rebate on his endowment. A dispute between the beneficiaries of the trust, the children of J. Paul Getty who died in 1976, has just been resolved in the U.S.

By coincidence, Lord Gowrie, Britain's Minister for the Arts, announced yesterday that he was withholding for six months an export licence on Mantegna's Adoration of the Kings which the Getty Museum bought at Christies' in April for nearly £8.25m.

The National Museum of Scotland is believed to be keen to launch an appeal to raise an equivalent sum to keep the painting in the UK, but even with its extra resources the National Gallery would find it hard to raise necessary funds.

The price of the Mantegna puts the Getty endowment in perspective.

Small steelmakers fear easing of EEC controls

BY IAN RODGER IN LONDON

EUROPE'S small steelmakers are up in arms about the European Commission's desire to loosen production quotas and other market controls on their products next year.

They say such a move could hurt their ability to compete with the big, integrated steelworks. This is because the big producers would still be benefiting from controls on most of their output and some of them might also still be receiving government subsidies.

"We feel the Commission cannot abdicate its responsibilities," Mr Pol Boel, president of the European Independent Steelworks Association (Eisa), said yesterday. "As long as state aids continue, the Commission must continue its system of surveillance."

The Commission's control measures on all steel products are due to expire at the end of this year, but it is widely recognised that they will have to be renewed because the industry's annual capacity of 140m tonnes is still about 40 per cent above current consumption.

The Commision wants, however, to be seen to be making some progress towards the restoration of a free market in steel. It let it be known early this month that it envisaged exposing the markets for certain types of steel, known as long products, to greater competition from the beginning of next year.

Severe production cuts will be needed in the EEC steel industry to bring output and demand into balance by 1990, according to the European Commission. Page 18

Long products include reinforcing bars, merchant bars, structural beams and wire rod, and are made mainly by small, private-sector producers, such as Allied Steel & Wire and Sheerness Steel in Britain and dozens of small operators in northern Italy. Flat products, such as sheet, plate and strip, are made mainly by the big integrated producers like British Steel, Usinor in France, Thyssen in West Germany and Finsider in Italy.

However, many of the big integrated works also make long products. The small operators, almost all of whom are in the private sector, have long complained about the massive subsidies received by many of the state-owned integrated works.

Now they fear that if production controls were lifted on long products, the big works would take advantage of their subsidies to compete more aggressively in these sectors. In principle, subsidies are supposed to stop at the end of this year, but it is expected that some producers will continue to need aid for some time to come.

The British Independent Steel Producers Association (Bispa) has taken a more aggressive line, arguing that there is no justification for a different regime for long products than for flat products. "There has been no net change since the steel crisis was declared in 1980," Mr Selwyn Williams, a Bispa director, said.

"Of the 25m tonnes of excess capacity in the Community, about 7m are in long products." Mr Williams said even the main consumers of long products wanted controls to remain because they did not want to be faced with a flood of low-quality imports.

The whole issue of the future of the steel support regime is to be discussed at a series of meetings in the next few weeks, culminating in a council of EEC industry ministers in July. The British Government is believed to be sympathetic to the small producers' views.

Governments of countries with subsidised long product producers, such as France, West Germany and Italy, would seem poorly placed to put more pressure on the small producers.

Kiechle defends Bonn grain veto

BY PETER BRUCE IN BONN

HERR Ignaz Kiechle, back in Bonn after using a West German veto for the first time in the European Council of Ministers to block proposed cuts in Community grain prices, went on to the defensive yesterday in the face of fierce criticism.

The West German Agriculture Minister dismissed claims by Mr Frans Andriessen, the EEC's Farm Commissioner, that the use of the veto was unconstitutional, saying his move had "broken no European porcelain."

He also said that the West German Foreign Ministry had backed his negotiating position to the last, but confirmed that the leader of the Free Democrats – Economics Minister Martin Bangemann – had telephoned him during the meeting in Brussels to ask him not to use the veto. The FDP is a junior partner in the Bonn coalition.

Herr Kiechle claimed the West German Government regarded majority voting in the Council of Ministers as "problematic," a view which reverses the Government's previous position of strong support for the introduction of majority voting.

The minister's performance at a press conference in Bonn did little to clear up confusion about whose authority he was acting on when he delivered the veto, an action which is likely to sour the EEC heads-of-government summit in Milan later this month.

While claiming his move was "not a particularly dramatic case," he also said he believed use of the veto should be strictly limited. In a clear attempt to draw other members of the Cabinet to his side, he said the veto would lend support to Herr Friederich Zimmermann, the Interior Minister, in opposing the Commission's car emission control recommendations, which are weaker than Bonn had hoped for.

Nixdorf to raise DM 720m

BY PETER BRUCE IN BONN

NIXDORF, the West German computer producer, is planning to raise up to DM 720m ($233m) in a one-for-three rights issue in one of the biggest such moves in Germany in recent years.

It is likely that the rights issue will herald the start of a major effort by Nixdorf to strengthen its modest but expanding position in the West German – and ultimately the international – telecommunications market.

The company told a shareholders' meeting in Paderborn yesterday that it wanted to raise nominal capital by DM 120m to DM 480m. The new shares, to be offered from June 21 at DM 300 each, will be eligible for half of this year's dividend.

It was not clear last night whether the Nixdorf family or the group's other major shareholder, Deutsche Bank, plan to take part in the offering.

Nixdorf, one of West Germany's fastest growing businesses, placed 20 per cent of its capital on the market a year ago, raising nominal capital from DM 200m to DM 360m. The flotation raised some DM 555.6m for the group, with the shares being offered at DM 380 each.

Herr Heinz Nixdorf, the group's founder, hinting at plans for the new money the group hopes to raise, told shareholders: "We are at the moment the only producer in Germany able to offer digital telephone systems and computers, and we will soon reach impressive market shares in this area."

Nixdorf's strengths lie particularly in supplying data processing equipment to banks, insurance companies, retailers and other medium-sized businesses, but the company made an important breakthrough in 1982 when it was admitted to an exclusive band of suppliers recognised by the Bundespost and allowed to market a new private digital exchange.

Herr Arno Bohn, Nixdorf's marketing director, said turnover in the first five months of 1985 was 26 per cent ahead of last year, with incoming orders up 27 per cent. The group, which employs 21,400 people worldwide, had taken on 1,240 new employees between January and May this year, he said. Net profits for 1984 rose 29 per cent to DM 121m last year on a 21 per cent improvement in turnover, which reached DM 3.27bn.

Lex, Page 18

NO PC?

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CONTENTS

Embattled Kohl ventures gingerly into a Silesian minefield

BY RUPERT CORNWELL IN BONN

MORE THAN 100,000 people, representing Germans driven from Silesia after the Second World War, are expected to gather in Hanover today for a rally which could have a bearing on domestic politics here, but above all on Bonn's ever delicate relations with Eastern Europe, most notably Poland.

Some 3m inhabitants of the Silesia province of the former Reich were among the 12m-13m ethnic Germans from the lost "Eastern Territories" who fled or were expelled from their homelands by the advancing Red Army, in one of the largest forced migrations in European history. Of them, 2m or more are reckoned to have lost their lives in the process.

In the past, meetings of the various Vertriebene or associations of those expelled—not only from Silesia and Pomerania (now part of Poland) but also from East Prussia and Sudetenland—have tended to be purely nostalgic occasions, devoted to preserving old memories and traditions.

But in 1985, a year studded with anniversaries of the final defeat of Hitler's Germany and the end of an earlier Europe, the rally has acquired a wider importance — not least because of intemperate outbursts by some of its participants suggesting that one day Silesia could return to a reunited Germany.

As a result it has become a trial for Herr Helmut Kohl also, who, on Sunday will become the first Federal Chancellor in 20 years to address a Silesian gathering — barring a last-minute decision to call it off.

In his keynote speech, he will have to steer a course between acknowledging the huge sufferings of those expelled and recognising their legitimate memories, and reassuring the Poles, Czechs and Russians, to whom the lost territories have passed, that the frontiers of Eastern Europe are permanent.

To dwell exclusively on the latter would run the risk of infuriating his audience, who have until lately regarded the Chancellor's Christian Democrat Party (CDU) the natural defender of their interests. But to pander excessively to the sensitivities of former Silesians might easily cause new diplomatic problems with Eastern Europe and provoke a repeat of the recent propaganda campaign, led by Warsaw and Moscow, against purported "revanchism and militarism" on Bonn's part.

As a domestic political force, the Silesians are of limited influence, although some analysts hold their dissatisfaction to have contributed to the CDU's disastrous showing in the North-Rhine Westphalia elections last month. But their more assertive mood lately has already provoked trouble twice for Herr Kohl.

The first came over the initially planned slogan for the rally — "Silesia remains ours" — which was only modified to a less inflammatory formulation after the Chancellor had threatened not to attend this weekend.

The second occurred earlier this year, when an article in a magazine for expelled Silesians fantasized about an invasion of Eastern Europe by the modern Bundeswehr to liberate the lost territories.

Herr Kohl, and — rather more emphatically—Herr Hans Dietrich Genscher, the Foreign Minister, and President Richard von Weizsaecker have repeatedly stressed that Bonn respects Europe's post-war frontiers — in particular the Oder-Neisse border of Poland, beyond which Silesia lies. But conservatives in the centre-right coalition have cast doubt on these assertions, using the legalistic ambiguities caused by the absence of a formal treaty ending the war and sanctifying the present borders of the two German states.

Herr Franz Josef Strauss, the Bavarian leader, has stated that, legally, the old Germany in its 1937 borders still existed. For that reason, the "Eastern treaties" with Poland, Russia and Czechoslovakia signed by Bonn since 1970 could not be regarded as binding on a future reunited Germany.

The uncertainties, moreover, have been echoed in the recent words of Herr Herbert Hupka, president of the main Silesian association. "Certainly, everyone knows that things can't go back to what they were: but that also means that things don't have to stay for ever as they are."

MOVE EXPECTED TODAY TO END FOUR-YEAR HIATUS

Comecon to propose EEC talks

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

COMECON, the Soviet bloc trade organisation, is expected today to propose formally that talks about a general economic agreement with the EEC should be resumed after a four-year gap.

The East bloc initiative for another attempt at an accord between the two economic halves of Europe will take the form of a letter which the Polish ambassador in Brussels will deliver to M Jacques Delors, the Commission president, this afternoon.

Revival of Soviet bloc interest in reaching an agreement with the EEC first showed itself at last year's Comecon summit in Moscow, but has since quickened under Mr Mikhail Borbachev. The new Soviet leader has repeatedly raised the issue with with West European ministers. Some EEC ministers and officials see it as a poltical tactic to split the Community off from the U.S., which is why they are wary of it.

However, the nub of the problem that plagued the previous desultory talks in the late 1970s was that the two European trade organisations are so different in nature. The EEC position is that the standard type of trade accord that Brussels has negotiated around the world is impossible with Comecon, because the latter has no common commercial policy or external tariff and thus cannot reciprocate any trade concessions the EEC might make.

This EEC stance was last made clear in a letter by the former Commissioner, Herr Wilhelm Haferkamp, to Comecon in March 1981.

But EEC officials said then, and still say, that Brussels is ready to conclude agreements in those areas where Comecon, as an organisation, has some real competence over its members—such as industrial standards, statistics and environmental policy.

The EEC's basic political reservation is that an accord might compound Soviet hegemony over Eastern Europe. But ironically, made East European countries see a bloc-to-bloc agreement, which however specious in content would at least confer Soviet recognition on the European Community, as essential before they can make any separate bilateral trade deals with Brussels.

THE EUROPEAN parliament yesterday finally approved a 1985 EEC budget, lifting the threat of a cash crisis hitting farm spending by the autumn, and clearing the way for new projects to be undertaken, Quentin Peel reports from Brussels.

Brussels. The Ecu 28.43bn (£16bn) budget passed by 234 votes to 40, with eight abstentions. The opponents were principally British Labour MEPs, Danish anti-marketeers and members of the West German Greens group. The Parliament still insisted on an amendment but only by adding Ecu 30m for interest which MEPs say the member states should pay on deposits held in their capitals by the European Commission. They agreed that hte extra revenue should be spent mainly on food aid.

Hungary set to boost trade with West

BY LESLIE COLITT IN BUDAPEST

HUNGARY IS prepared to further increase an already high proportion of its trade with the West, according to Mr Joszef Marjai, the deputy Prime Minister responsible for the economy.

Hungary's terms of trade in roubles with the Soviet Union have steadily worsened because of rising Soviet fuel prices and stagnating prices for Hungarian manufactured goods. Mr Marjai's remarks were seen in Budapest as a warning not to allow a further deterioration to take place.

The senior Hungarian official said his country was interested in a "flexible equilibrium" in trade and not a rigid ratio in its East-West trade. He indicated the ratio would depend on the profitability of the agreements concluded and the trading terms.

Hungary currently conducts 55 per cent of its trade with the West and developing countries and the remainder with Comecon.

However, Budapest does 65 per cent of its total trade in dollars and only 35 per cent in roubles because a growing proportion of its Comecon trade is in dollars, which Moscow is anxious to reduce. In 1965, 70 per cent of Hungary's trade was with Comecon.

Mr Marjai spoke to a business conference on trade and investment opportunities for Western companies in Hungary.

He also announced that conditions for Western companies entering joint ventures with Hungarian companies would become "more favourable." "We Hungarians are pragmatic thinking people," he said.

He said Western companies would be able to re-patriate more of their profits from joint ventures, adding however that "perhaps the ministry of finance does not agree."

Hungarian officials explained the economiy is to be further opened to Western working capital. Regulations governing joint ventures are to be revised to allow tax holidays and tax reductions for Western partners.

The creation of joint ventures is to be simplified and Western companies are to be routinely permitted to hold a controlling share of the joint companies.

Dr Janos Hoos, secretary of state of the National Planning Board, said Hungarian engineering exports to Comecon would decline in the future. That was yet another sign of concern over the worsening Hungarian trade situation with Moscow.

Hungarian trade specialists note that the Soviet Unioin has called for greater supplies of high quality industrial and consumer goods from its Comecon partners, but that Moscow is not prepared to pay the higher price for such goods. In most cases the products would need to include Western technology, which would cost the East Europeans precious hard currency.

● The Hungarian Communist leadership said "opposition groups" that tried to nominate candidates for last week's elections – the first in which at least two candidates ran for each parliamentary and local council seat – proved they were best dealt with by an "open dialogue."

That contrasted with a recent statement by the Hungarian interior minister that members of the opposition who used illegal means could expect a tough reaction from the authorities.

Several dissidents in the small Hungarian opposition movement sought election as candidates in pre-election nomination meetings but were defeated. They said it was because the meeting halls were packed with supporters of the main Communist Party candidate and candidates who backed the party's programme.

Comecon's European Members

The leading communist newspaper Nepszabadsag said the "extremist approach" of the opposition was soundly rejected by voters. It noted "the open dialogue and discussion," which took place in the run-up to the elections, did not favour the opposition.

The newspaper noted that this time the opposition had emerged "into the open" although it has always said there was no point in having contacts with the country's leaders and government. That "unsuccessful attempt," the newspaper said, only revealed their "duplicity."

OECD calls for Turkish budget deficit cut

By David Barchard in Ankara

FURTHER PROGRESS in Turkey's economic recovery depends on a substantial reduction in its budget deficit and an improved overall position in its public finances, according to the Organisation for Economic Co-operation and Development (OECD).

Its annual report on Turkey published today warns that the monetary and credit policies adopted in 1984—were not sufficient to halt inflation which was around 50.3 per cent in 1984.

The report calls for tougher fiscal policies, measures to curb speculative price increases, and continued restraint in wages and salary growth to reduce high inflation.

It suggests that some sort of restraint is called for to prevent what it describes as "rather substantial wage settlements in the second half of the year" in the private sector.

It also recommends that the Government end its tax rebates for fixed income earners.

The report also strikes a note of caution on Turkey's balance of payments prospects which it describes as "vulnerable" as long as the trade deficit remains in the region of $3bn (£2.4bn) and debt servicing takes up all the country's income from invisibles.

It calls for further measures to stimulate exports, but says Turkey's decision to abolish export subsidies should result in the removal of some existing tariff barriers on Turkish exports.

Overall the report forecasts moderate progress in 1984 for the Turkish economy. GNP is expected to grow by 5 per cent this year, compared with 5.9 per cent last year, and there should be a modest improvement in the country's payments situation with the trade deficit falling to $2.7bn from $2.9bn last year and the current account deficit comin down to $1.3bn this year, compared with $1.4bn in 1984.

Private investment is expected to grow by 6 per cent, the best performance since the late 1970s, but public investment is forecast to drop by 2.5 per cent.

The report assumes that the authorities will continue to follow restrictive monetary policies but predicts that the Government will have difficulty keeping the bdnget deficit and the growth of the money supply under control.

Budget projections suggest that the deficit should drop from 5 per cent of GNP on the consolidated budget last year to 1 per cent of GNP this year.

The OECD is somewhat sceptical of the targets and policies proposed in the fifth five-year plan published last autumn. It says that while the plan's targets do not look over ambitious, they carry risks for Turkey's balance of payments and inflation situation which may make it difficult to attain the envisaged high growth in GNP.

"Evidence suggesting that key policy measures will lead to desired outturns is inconclusive, the report says.

European role for French N-forces urged by Giscard

BY DAVID HOUSEGO IN PARIS

THE SHIFT in defence thinking in France towards giving a European role to French nuclear forces was underlined yesterday by a statement from former President Valery Giscard d'Estaing who said that an invasion of West Germany should be considered as affecting the "ultimate security" of France.

M Giscard, reverting to his own administration's defence doctrine still remains close to West Germany should not imply any automatic French nuclear response, but that it should be an "important element" in the decision of the French President on whether to use the strategic deterrent.

The present French official doctiren still remains close to Gen Charles de Gaulle's definition that nuclear weapons would be used in defence of French soil—though the idea of an "enlarged sanctuary" has been gaining ground.

The former President was speaking at a news conference to unveil the proposals of defence of the opposition party. In line with its stongly pro-European stance, the party suggests that French conventional forces should be committed to West Germany's defence from the moment a conflict broke out on the central front and that discussions should begin as soon as possible with West Germany on the circumstances in which French tactical nuclear weapons would be used. The UDF wants France to produce the neutron bomb for battlefield use in Europe.

At present France would take its decision on whether to commit conventional forces in a European conflict at the time—though the creation of a rapid deployment force to intervene in West Germany was intended by President Francois Mitterrand to be an assurance to the West Germans.

The conservatism of official doctrine contrasts also with the shift of thinking within the Socalist party as well. M Jacques Huntziger, the party spokesman on interntaional affairs, said the other day that the French nuclear deterrent should be conceived increasingly as having a European role.

Red tape reduced in bid to boost foreign investment

BY PAUL BETTS IN PARIS

THE FRENCH Government is seeking to boost foreign investments in France by simplifying and reducing administrative red tape and increasing its promotional efforts abroad.

A series of new proposals to encourage foreign investments in France was approved by the Socialist Cabinet yesterday. They follow a number of other measures to encourage foreign investments announced over the past few months.

The latest proposals essentially involve a simplification of the administrative procedures for foreign investors. To this end, a single official will be appointed in each French department to guide foreign investors through the labyrinth of red tape and formalities.

It will also become easier to apply for the necessary permit to conduct business in France. The so-called "carte de commercant" will also be delivered in the future to new investors in less than 15 days.

French embassies abroad will also be asked to increase their promotional efforts to find new investors. The government also wants the central government and local authorities to attract investors.

Minister says Poland will sign rescheduling accord

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND WILL sign an agreement rescheduling $12bn worth of credits at the end of this month, according to Mr Stefan Olszowski, the Foreign Minister. The agreement for payments falling due between 1982 and 1984 was initialled last January with the Paris creditors club representing 17 Western governments.

Warsaw said at the time it would sign if it was sure of fresh Western credits. The West, however, has refused to take up the issue of new credits until the agreement is signed and this has slowed progress on the issue.

But Mr Olszowski, speaking in Vienna where he is on an official visit, said another meeting with the Paris club would take place on June 30, and "I believe an agreement will be signed on that day or immediately after. We want to sign but we want serious promises that there will be serious co-operation on credits." He was sure such promises would be made at or after the meeting.

His statement suggests that Poland, which is seeking to raise some $1bn from Western governments this year, has decided to go ahead with the signing on the assumption that some credit will be forthcoming later.

So far there have only been meagre promises from West Germany and hints from Italy. Poland has also praised Finland and Austria as "forthcoming."

The agreement Poland will be signing gives the country until 1995 to repay $10bn worth of capital arrears, and until 1989 to repay accumulated interest worth $2bn, around half of that sum falling due this year.

Portugal returns to crisis as usual

By Diana Smith in Lisbon

THE EEC accession treaties, translated into the nine languages that are now the Community's official tongues, have been signed. The EEC dignitaries have gone home after brief sunlit celebrations. And Portugal's politicians are back to business as usual—or rather, crisis as usual.

The refusal of Sr Anibal Cavaco Silva, the new leader of the Social Democrats (PSD), to withdraw his party from the two-year-old coalition from today means Portugal is experiencing its ninth government breakdown in nine years.

President Antonio Ramalho Eanes, whose second and final term of office ends in December, has had to step into the breach again. In his usual deliberate, thorough manner he must hunt for a solution that, in his view, does the least damage to a democratic but economically-fragile nation that cannot afford constant snap elections.

Sr Mario Soares, the Socialist Prime Minister, may put his job at the President's disposal when he sees him today—a Portuguese subtlety that sounds like an offer of resignation but means he wants the President to decide. He does not want to leave Government.

Disappointed and thwarted, Sr Soares has lost hope of leading a united coalition into a smooth ratification of the EEC treaties by October, and then embarking on his own autumn campaign for the presidential elections in December with an image of having done a difficult job conscientiously.

Sr Cavaco Silva's rush to pull his party out of the coalition and haul it to the right in time to woo massive presidential votes for either the conservative candidate, Prof Diogo Freitas do Amaral, or for himself if he chooses to run, has left not only the president but Sr Soares in a bleak dilemma.

Gen Eanes will decide in the next week which of an uninspiring set of options to pick:

● Urge PSD ministers to stay in a Soares cabinet in the national interest until the EEC treaties are ratified and key legislation passed.

● Ask Sr Soares or another prominent Socialist to head a weak minority government until the Presidential elections.

● Appoint his own interim Premier and cabinet.

● Dissolve Parliament and call a general election.

This last would mean delaying presidential elections, not to mention delaying putting Portugal on a secure government footing. Opinion polls reveal that no party would win a clear majority.

It would suit the Communist Party, however, which is a firm adversary of EEC membership. Dissolution would make ratification uncertain. Gen Eanes, a staunch backer of the EEC negotiations, will be loth to be seen apparently giving the Communists what they have been clamouring for virtually since Sr Soares took office.

Persuading PSD ministers to stay on for what could be the least unstable option but would hurt Sr Soares who would enter the presidential campaign after months of leading a divided cabinet doing only unavoidable business.

At National Day commemorations, a saddened northern speaker appealed to President Eanes to find a way for the Portuguese people not to be just onlookers at a political show. Many voters echo this sentiment.

They have seen 15 governments fall in 11 years, often for reasons that elude not only average citizens but expert observers. The latest crisis has shocked the man in the street. Despite the defects of a Soares government which shirked decisions that could stimulate a sluggish system, many citizens perceived durability and a slight upturn in business that did not displease them.

For a government to be scuttled because presidential strategy half a year away is hard for average Portuguese to swallow.

Queue to run proposed Irish lottery

By Brendan Keenan in Dublin

A NUMBER of Irish organisations are competing for the privilege and the profits of running the country's proposed national lottery which is intended to raise funds for a hard-pressed exchequer.

Lotteries are commonplace in Continental Europe but until recently the Irish authorities shared some of the traditional British distaste for such forms of exchequer financing.

Now, spiralling public deficits have made any source of income more attractive.

The Irish have in fact run a successful lottery since the 1930s in the form of the Hospitals Sweepstake, which helped fund the health service from tickets sold mainly in the U.S.

The Irish Hospitals Trust which runs the sweep is one of the contenders for the new lottery which is expected to raise about I£20m ($20.2m) a year, for the Government.

The Irish post office has also made a bid, claiming that the network of post offices is ideal for selling tickets. The post office says it would offer more than I£500,000 a week in prizes.

Another charity group has now jointed the race, combining a leading Dublin hospital and two institutions that look after the needs of the disabled. They estimate that when the lottery is fully established total receipts would be I£90m of which the Government would get I£27m

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Gonzalez may change cabinet

BY DAVID WHITE IN MADRID

SR FELIPE GONZALEZ, the Spanish Prime Minister, said yesterday he might reshuffle his 2½-year-old Government to carry it through to the end of its four-year term, but hinted firmly that it would continue with its economic policies.

After the formal signing on Wednesday of Spain's EEC treaty, Sr Gonzalez dismissed rumours that he might stage early elections to take advantage of the immediate boost given to the Socialist Government's image by admission to the Community.

He said he intended to see the present legislature through, and that he would prefer to hold elections in the autumn rather than in June.

Questioned about reported tensions in the Cabinet over economic policy, Sr Gonzalez said a remodelling of the Government was "possible." But he voiced support for Sr Miguel Boyer, the Economy and Finance Minister.

Sr Gonzalez said he would go ahead with the promised referendum next spring on Spain's membership of Nato. The exact date, he said, would depend on when regional elections were called in Galicia, since a 90-day gap has to be left between ballots.

He repeated his support for maintaining the country's status as a member outside the Alliance's integrated military command.

Spain's participation in Europe should not be limited, he said, to "exporting tomatoes and cars." It also had a political character, and this involved security. The country had to find a formula consistent with its membership of the community and its national interests, and its present position in Nato appeared to be "the reasonable form of response."

Dublin opens its arms to Israel's son of Ireland

Maurice Samuelson writes on the visit next week of Israeli President Chaim Herzog

THE IRISH Government is preparing to roll out the green carpet for an Irish-born foreign Head of State whose command of the Gaelic tongue is said to be as fluent as that of many of the Republic's own politicians.

The guest, due here on Monday for five days, is Mr Chaim Herzog, President of Israel, who spent his boyhood years in Dublin before settling in British-ruled Palestine 50 years ago.

The visit will be rich in ironies, highlighting both the affinities and the contrasts between two countries of similar dimensions whose seemingly insoluble Troubles just go on and on.

The ironies are focussed on Herzog himself, born into the small Jewish community in this intensely - Christian country. Despite the intolerance which scars the face of Ireland, Mr Herzog is being received with the same kind of the brotherly warmth extended a quarter of a century ago to John Fitzgerald Kennedy after becoming President of the United States.

Mr Peter Barry, Foreign Minister, in a briefing on the eve of the visit, said Ireland was "pleased and very honoured" that Mr Herzog was "coming back to the land of his birth." The Israeli leader, he added proudly, was "probably the first Irish-born president of a foreign country who speaks Irish."

As a son of Ireland—he was born in Belfast but brought to Dublin when only one year old —Mr Herzog will follow a routine now familiar in return visits byt hose who have made their names in foreign parts.

Just as Mr Kennedy and President Ronald Reagan visited the homesteads from which their Irish ancestors went west, so Herzog will visit the home used by his father, the late Dr Isaac Herzog, after being appointed the first Chief Rabbi of the Irish Free State in the 1920s.

It was from that house, off Dublin's South Circular Road, that his father moved to Jerusalem to become the Ashkenazi Chief Rabbi of the Holy Land.

In their set speeches, Mr Herzog and his hosts can be counted on to point up the common heritage of suffering of both the Jewish and Irish peoples, their love of religion, language and homeland, and the high proportion of their kinsfolk who live in exile.

However the allusions will have to be chosen with care. The late Arthur Koestler once christened Palestine "John Bull's other Ireland," but direct parallels between the two conflicts and their protagonists tend to be misleading and transitory.

An oddity of the visit which underlines its essentially sentimental nature is that although Ireland and Israel maintain full diplomatic relations, they do so without maintaining embassies on each other's soil. Ireland talks to Israel through its embassy in Greece; Israel communicates via its embassy in London.

This is a frequent source of misunderstanding. The Israelis, with their obsession for the widest possible international representation, regret that Dublin is the only EEC capital which lacks an Israeli embassy.

The Irish also relish international status but for economic reasons maintain only 25 embassies abroad. Instead they concentrate diplomatically on their membership of the EEC as well as the United Nations where, together with the Scandinavians, they readily volunteer to police other people's wars, including that in Southern Lebanon, where 700 Irish troops serve under the UN flag.

Just as when its first UN troops were in the Congo more than 20 years ago, the Irish press today reports the horrors of Lebanon as closely as if they were happening in an offshore province of Ireland: there is public indignation, often directed against Israel and its South Lebanese allies, whenever an Irish soldier is hurt.

Apart from these distractions, and their lack of resident embassies, the relations between Chaim Herzog's two homelands are quite good.

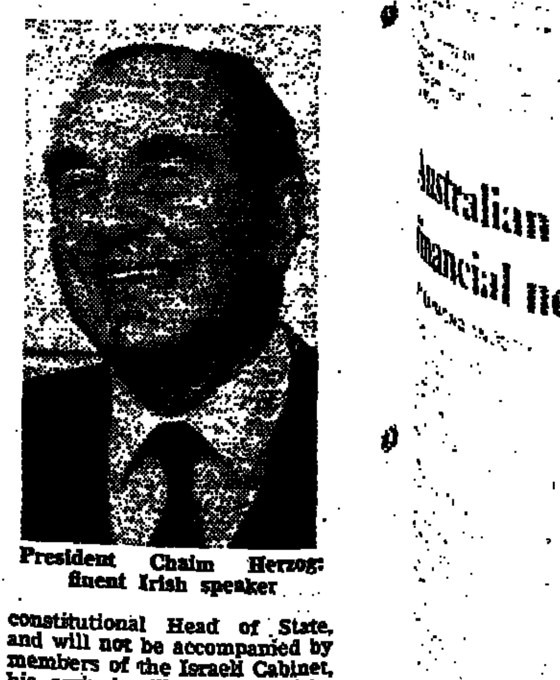
In trade, Israel can never hope to match the importance to the Irish economy of other Middle East states, such as Libya, Iran and Iraq, which are major purchasers of livestock and ritually-slaughtered meat. Indeed, the Israelis sell Ireland far more than they buy there.

Irish exports to three Moslem countries, Iran, Libya and Iraq, totalled more than £100m last year compared with about £15m worth of goods sold to Israel. On the other hand, while Ireland's imports from these three countries were worth less than £400,000, imports from Israel were worth about £20m, comprising mainly produce, clothing, yarn and industrial goods, including rubber.

However, in the past year or so the Irish have become increasingly aware of Israel's achievements in science, light industry and agriculture, and about a dozen joint projects are under discussion.

The Israelis, for their part, are keen to tap into Irish expertise in animal husbandry. In the broader economic field, they want to enlist Ireland's support in fending off the challenge posed to Israeli farming by the entry of Spain and Portugal into the EEC.

All these issues will find an echo during Herzog's visit. However, since he is merely a constitutional Head of State, and will not be accompanied by members of the Israeli Cabinet, his arrival will be simply the return of a distinguished Irishman to the scenes of his childhood on the banks of the River Liffey.



President Chaim Herzog: fluent Irish speaker

UK revises rules on technology sales to Communist countries

BY DAVID BUCHAN

WIDELY-REVISED rules on what technology UK companies can sell to Communist countries will come into effect on July 25, Mr Paul Channon, the UK Trade Minister, announced yesterday.

He claimed the new controls represented "a fair balance between our strategic and commercial interests."

The new UK national controls stem from last year's multilateral agreement by Britain and its 14 trading partners (mainly North Atlantic Treaty Organisation countries and Japan) in the Paris-based Co-ordinating Committee (CoCom) on what advanced technology of military potential, notably in computers and electronics, should be withheld from the Warsaw Pact.

Britain was the first CoCom member state to publish a complete revision of its national controls, following the 1982-84 redrafting of the CoCom embargo lists, Mr Chanunon said.

British business will have several weeks to digest the technical detail of the 168-page Export of Goods (Control) Order 1985, before it took legal effect. The Order does not require parliamentary approval, but Mr Channon expected it would be debated in the House of Commons.

Largely under U.S. pressure, CoCom tightened controls on high-powered computer hard ware (while freeing simply mini-computers), revised rules on telecommunications exports and extended its embargo net to new areas like superconductive materials, robots, gas turbine technology and computer software.

UK trade officials admitted yesterday software controls would be "difficult, but not impossible" to enforce. Businessmen at airports would not routinely have their briefcases inspected, nor would telephones be tapped to prevent transmission of programs down telephone lines they said.

Mr Channon pointed out, however, that the UK had controlled export of technical documents or blue prints for the past two years. He intended to introduce an "open general licence" which would allow regular exports of software to "non-proscribed" destinations (countries outside the Warsaw Pact and China) without a licence for every shipment.

Mr Channon said his department was recruiting more staff to handle backlogs in the processing of export licence applications, which had more than doubled from 37,600 in 1983 to an annual rate of more than 80,000 this year.

A complicating factor is the U.S. which, unlike Western Europe and Japan, goes beyond the CoCom lists in what it controls. It also limits the re-export of U.S. goods or goods with U.S. components. Mr Channon said the U.S. assertion of extra-territorial controls was not condoned. "Far from it—we protest about it wherever it occurs," he said.

The new procedures provide for revision of 25 per cent of the CoCom list items every year, instead of revision of all items every four years.

The U.S. Administration is expected to give the go-ahead in the next few days to a \$200m (£160m) Spanish investment project by American Telephone & Telegraph, which has been held up for more than a year over the question of re-export of technology to the Soviet Bloc, Sr Luis Solana, chairman of Compania Telefonica Nacional de Espana, minority partner in the venture, said yesterday.

Sr Solana said the breakthrough followed the publication in the Spanish official bulletin of policy principles governing the onward sale of imported technology considered to be "dual use"—ie which might have military applications. An amplification of these rules is expected to be published shortly.

Honda to make automobile engines at Ohio plant

BY CARLA RAPOPORT IN TOKYO

HONDA, one of Japan's leading automakers, is planing to produce automobile engines at its motorcycle plant in Ohio. The company sees the move as a first step toward fully U.S.-made Honda cars in future.

Honda said yesterday it plans to invest more than \$40m (£32m) in its Ohio motorcycle plant in Shelby County to begin producing 60,000 auto engines a year by autumn next year. These will be 1.5-litre engines for the Honda Civic, which Hinda will begin producing at its Marysville, Ohio, plant in mid-1986.

The new engines will increase the local components ratio for the Civic to about 50 per cent. "This will be a test case," said a Honda official yesterday. "If it is a success, we may expand the amount and ratio of local content. We hope to make all parts in the U.S., but we can't say when."

Honda's decision is an important one at a time when Japan has been working to reduce trade friction with Western countries through increased overseas investment.

The move wil make Honda the first Japanese automaker to produce engines in the U.S. Honda is producing 150,000 Accord passenger cars at its Marysville plant each year. Following the expansion of the plant and the start-up of Civic production next year, Honda will become the fourth largest automobile manufacturer in the U.S. with the capacity to build 300,000 cars a year.

The Shelby motorcycle plant was completed last month at a cost of about \$30m, with a capacity to make 60,000 motorcycle engines a year.

Daihatsu plans minicar exports to U.S. in 1987

DAIHATSU Motor, a Japanese maker of minicars, will start exports to the U.S. in 1987, the company said yesterday, AP-DJ reports from Tokyo.

Daihatus will join Suzuki Motor, its chief rival, in competing in the U.S. market. Suzuki has been selling minicars in western U.S. states for about a year through the Chevrolet division of General Motors.

Daihatsu, which is 15 per cent owned by Toyota, said it would create a wholly owned subsidiary, Daihatsu of America, and next year establish a marketing network in the U.S.

The company has not decided where to locate the subsidiary, but is considering the West.

China orders more McDonnell Douglas jets

CHINA has ordered two more McDonnell Douglas MD-80 twin-jets, Reuters reports from Hong Kong. The aircraft, powered by Pratt and Whitney JT8D-217A engines, were bought by China Aviation Supply Corporation, part of the Civil Aviation Administration of China (CAAC).

McDonnell Douglas of the U.S. in April announced the sale of 26 MD-80s to China. One is to be delivered this year and 25 to be partly completed by the company and shipped to China in early 1986 for final assembly in Shanghai.

The latest order is in addition to the April sale and calls for finished aircraft to be delivered from the Douglas plant in Long Beach, California in late 1985.

Australian group to set up financial news service

BY RAYMOND SNODDY

JOHN FAIRFAX, the Australian publishing group, is to set up an Australian financial information system on Viatel, the Australian equivalent of Prestel.

The Australian group, which publishes the Australian Financial Review and the Sydney Morning Herald, has paid a "substantial amount" for the expertise of ICV Information Systems of the UK. ICV has been running CitiService, an electronic financial news service on Prestel, since 1983.

The Australian service, to be called Financial Review Moneywatch, is to be launched in August. It will be based almost entirely on the CitiService system.

CitiService, which was used 2m times last month, will provide information from London for Moneywatch.

Moneywatch will give users comprehensive coverage of the Australian stock and futures markets as well as coverage of the U.S. and UK financial markets.

Mr David Taylor, managing director of ICV Information Systems, said yesterday that for the future there was the potential "for an international telebroking system allowing users in Australia to buy and sell shares quoted on the London Stock Exchange."

Paul Cheeseright reports on EEC resistance to outside pressure for change

Search for origins causes dissent

PRESSURE is building up for changes in the European Community's rules of origin, the designation of where goods come from. It comes, not from inside the community, but from outside, from the European Free Trade Association (Efta), from the Association of South East Asian Nations (Asean) and from countries benefiting from the generalised scheme of preferences.

The reason is not far too seek. Rules of origin are not a question of principle in a customs union, explained one official. Inside that union goods produced in one country can move around tariff free to any of the other nine countries. If there are barriers to their movement they are caused by other factors such as health regulations.

For the most part too, imports from outside the community can move freely around as well, once they get in.

The problem rather is in deciding where goods actually do come from. Again this is not difficult if they come from one place, but it is quite conceivable that a piece of machinery contains components from several countries and is put together in another before being shipped to the community. Then the question of origin becomes tricky.

The more elastic the rules of origin, the easier it is for outside suppliers to gain access to the community. But companies inside the EEC are also bringing in components to produce a final product; so the rules of origin have to settle when that final product is a community product, able to move at will among the Ten, and when it is a foreign product.

Again, that need not be a problem, except when a form of import restriction exists in one EEC country and not in another. Over the years a patchwork of regulation and legal precedent have been built up to the extent that disputes are few, but when they come they can be angry.

Essentially the rules are fluid, and when there are problems of interpretation they are settled on a case-by-case basis, generally by the European Commission and a committee of national officials.

The starting point is Council Regulation 808 of 1968: it specifies origin as being the country where "the last substantial process or operation that is economically justified resulting in the manufacture of a new product or representing an important stage of manufacture," takes place.

Various definitions have arisen from that on what constitutes "substantial." There is a benchmark figure of 45 per cent of the ex-factory invoice price that exists because that was the figure settled to bestow EEC origin on radios, televisions, video and tape recorders.

The percentage for cars rises to 60 because that is the figure which also confers Efta origin; as the EEC has a free trade agreement with the Efta countries, two sets of rules of origin would be too messy to contemplate.

Disputes about the precentages rarely reach the European Court of Justice and the Commission works on the basis that everything is fine unless a country wants a change.

There were two cases in the 1970s: one involved West German ballbearing manufacturers who were importing hardened balls and rings from Japan, then polishing and grinding them before selling the final products as West German in origin. The court decided the product was not West German; the other concerned YKK zip fasteners in the Netherlands. The Commission decided the fasteners were not EEC in origin. The court overturned that and decided they were.

Latterly the chief difficulty has been on cars and motor cycles, because the car market in the Community is distorted by the various forms of export restraint practised by Japan or restrictions placed on it.

Italy allows entry to 3,000 Japanese cars a year. But in 1983 when BL wanted to sell the Triumph Acclaim, made in association with Honda, Italy maintained the car did not meet the 60 per cent value-added rule and sought to prevent its import. It was overriden.

Last year Italy claimed that Honda motor cycles made in Belgium were not of Community origin either; but Belgium obtained the backing of the other member States and the Commission to ascertain that they were. Italy also has restrictions on the import of Japanese motor cycles.

The point is that collaboration between companies or investment from outside can run into trouble on origin grounds when the industrial policy of one country clashes with the import policy of another.

All of that is the stuff of internal argument; but argument spreads wider into the international sphere and this is where the pressure for change comes in. It throws up a host of technical problems. An EEC company exports components or fabric and the bits and prices come back in a finished form, mixed with material and parts of different but outside origin; deciding the origin of the product becomes complex.

In the case of Asean, there is a demand that what is exported from the EEC should be considered as part of the Asean percentage value-added figure for the purpose of bestowing origin. The EEC element should be part of the 60 per cent Asean total.

For Efta the complexities start from the nature of the trade agreements with the EEC. Although there is an EEC-Efta free trade zone, the EEC agreements are with each individual country. That means that when a product is, for example, made up of components from two Efta countries, only the work done in the final processing Efta country is used as the percentage to specify the origin.

Efta wants this rule changed so that at least two countries can be considered as originating.

There is some reluctance to accept all this in the EEC largely because France and Italy argue that making the rules of origin more flexible would shift the economic balance of the trade agreements.

The countries on the GSP scheme also want the ability to pool efforts when it comes to establishing the origin.

All of these pressures are just coming together as the community moves towards a harmonised system of new tariff nomenclature, which will mean adjustments of tariff rates and origin rules.

This is the twelfth of the series on European market liberalisation. The previous articles appeared on February 14, February 21, March 6, March 13, March 22, April 1, April 4, April 16, May 10, May 23 and June 4.

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MOTOROLA CELLULAR TELEPHONES

NZ budget pledge on indirect taxation

BY DAI HAYWARD IN WELLINGTON

A COMMITMENT to use revenue from the proposed goods and services tax—a form of value added tax—to reduce direct personal income tax, and a declaration that the Government will not be diverted from its planned economic reforms was given by Mr Roger Douglas, New Zealand's Minister of Finance, when he presented the Budget last night.

In a sense the Budget was unique. It was the first of two Budgets which the Government will introduce this year and it did not increase taxes or prices, did not impose high duties on beer, cigarettes or petrol or impose any of the other increased costs which New Zealanders have come to expect.

Nor did Mr Douglas give away any vote-catching hand-outs—something which had been expected in view of the poor showing in the opinion polls for the Labour candidate for tomorrow's by-election in Timaru.

Although there were no direct inducements to the Timaru voters the budget did contain good news on the turnround in the country's economic woes and promised better things to come.

Mr Douglas highlighted the news that the Government has slashed the internal deficit by more than half—bringing it down from 6.9 per cent of Gross Domestic Product—it was 8.9 per cent in 1983-84—to 2.8 per cent. The deficit this year will be NZ$ 1.286bn (£459m) a drop of NZ$ 1.498bn on last year and NZ$ 1.8bn the previous year.

More buoyant conditions, reduced government borrowing and the tough economic measures already introduced this year contributed to the lower deficit.

The Government has also reduced the need for overseas borrowing, which the Minister said had reached astronomical proportions. The cost of servicing government debt had risen to 17 per cent of total expenditure, a level which could not be sustained, he said.

The Government's policies, which include some tough measures, had created the conditions necessary to bring down inflation, reduce interest rates and provide faster, long-lasting economic growth.

The Labour Government is committed to its plan to turn around the economy and produce economic reform. The key to this, Mr Douglas said, is the proposed tax.

"A broadly based goods and services tax (GST) will provide additional revenue from those who escape income tax. It will enable the Government to substantially reduce income tax as well as providing funds for social welfare reforms.

"I repeat assurances that all the additional revenue from the GST will be used to reform personal income tax and welfare benefits." Major tax reforms will be announced in the second Budget.

On monetary policy, Mr Douglas said: "This Government has now got a grip on the money supply and it will not let go."

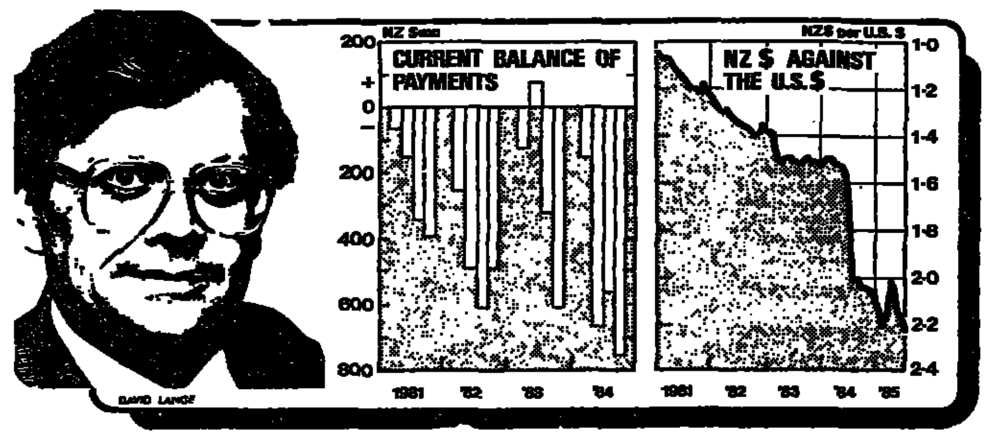
The few areas to benefit from increased government spending wer education, health and defence. Following the Anzus Treaty row the Government has announced the need for New Zealand to play a larger, more independent role, especially in the Pacific region. The defence budget has been increased 18 per cent.

Listing the achievements of the Labour Government in the 10 months since it took office, Mr Douglas pointed to the 30,000 jobs created.

Whether the promises will be sufficient to win back the sliding Labour voters in Timaru only Saturday's voting will tell.

Dai Hayward assesses New Zealand Labour's chances in tomorrow's by-election

Lange's reforms face judgement of Timaru



LESS THAN a year after the New Zealand Labour Government swept to power in a landslide victory, it faces a humiliating defeat tomorrow in the by-election for Timaru, a Labour-held seat for the past 57 years.

This probable swing against Labour by the people of Timaru reflects a nationwide disenchantment with Mr David Lange, the Prime Minister, and with the economic policies and some planned social reforms of his Government.

Mr Lange's personal approval rating in public opinion polls has slumped from 75 per cent last year to 44 per cent now: in a poll of voters on whom they would most prefer as Prime Minister Mr Lange rated 27.3 per cent against the 22 per cent for the leader he replaced, Sir Robert Muldoon.

Indeed, the former Prime Minister now appears to have more public support than the man who replaced him as leader of the National Party, Mr Jim McLay.

The Timaru by-election could not have come at a worse time for Labour. The public is facing the worst effects of drastic economic reform policies: rising prices, high inflation, soaring interest rates, an attack on pensioners' income, and higher taxes through the goods and services tax. But it is still too soon for the promised benefits to show.

Labour has not helped itself with the choice of candidate: a single woman, a feminist and liberal, a supporter of the controversial homosexual law reform Bill and, in the eyes of many voters, a carpet-bagger.

Ms Jan Walker was born in Timaru on the South Island but has not lived there since leaving for university 20 years ago. She returned from a North Island city to gain selection with the support of the Labour Party hierarchy.

The by-election was caused by the death of the Speaker of the House, Sir Basil Arthur, who had been a popular, respected and somewhat conservative member for 23 years.

Sir Basil closely identified with local people and local issues. He was held in high esteem and undoubtedly carried a large personal vote. His liberal conservatism suited Timaru, a town of 22,000 people which depends heavily on the surrounding farming country for its livelihood and prosperity.

There has not been too much prosperity for more than a year because of a crippling drought through most of the South Island, which has seen some farming areas suffer the driest season for 140 years.

Ms Walker's support for homosexual law reform, which would make homosexual acts between consenting males legal at the age of 16, will cost her support; but it is economic issues which could turn Timaru away from Labour.

The people of Timaru, as in the rest of New Zealand, threw out the former Government of Sir Robert Muldoon because they believed its economic policies and heavy borrowing was leading the country into deep financial trouble. They expected an improvement in the standard of living from Labour.

Instead, they have been saddled with record monthly increases in the cost of living. They accepted that some of these were the result of the former National Party Government's policies, but Labour has been in office for 10 months and still the price rises come—including several, such as severe increases in electricity prices, stemming directly from the Government.

Interest rates for first mortgages are now above 20 per cent and would-be homeowners are struggling to find finance. Business and commercial interest rates are up to 30 per cent.

Roger Douglas, Finance Minister, has said the value of wages and salaries will drop by at least 6 per cent, compared with prices this year.

Timaru is worried at the decline in spending power. Farmers on the edge of town, who are included in the electorate, believe the Government should have given more drought relief. Businessmen, already affected by a fall in farm income and activity as well as the problem of high interest rates on loans to finance stock repurchases or other capital investment, are concerned.

Labour has also put into jeopardy hundreds of votes which traditionally they could count on: the aged beneficiaries and retired people. There are many retired people in Timaru because of its climate and location. They have enjoyed a reasonable standard of living with the Government superannuation plus other income.

A few months ago, Mr Douglas imposed a special surcharge tax on superannuitants receiving more than NZ$ 12,000 (£4,285.71) a year. He claimed the Government's outlay on superannuation was too high and those who could afford it should pay more back in the way of extra taxes.

Elderly people now ask why they should pay an extra tax surcharge on income over NZ$ 12,000 a year when the Government recently decided that families earning less than NZ$ 16,000 should receive a government subsidy to bring their income up to this level.

The Government has also failed to explain to Timaru and the public at large the benefits and tax concesions it claims it will provide from the NZ$ 2bn it will receive from the goods and services tax, a form of value added tax.

Mr Douglas and Mr Lange have both promised tax cuts, especially for the lower paid; but these have not been spelt out in any detail and most people fear the new tax will simply push up the cost of living.

Local straw polls have shown the National Party to be well ahead in Timaru and party chiefs are confident they will win by six hundred votes. However, more than 40 per cent of the voters are still undecided.

Even Labour officials privately admit that if they do retain Timaru they cannot expect to win by more than a few hundred votes. If they lose, it will be a devastating blow, and not only because it means the rejection of Labour's policies; a Labour defeat will be a tremendous boost to the confidence and morale of the National Party and Mr Jim McClay.

Mr Edouard de Royère appointed President of L'Air Liquide

Mr Edouard de Royère joined L'Air liquide in 1966. He was in turn appointed Secretary to the Board in 1968, Deputy Chief Executive Officer in 1979 and Deputy Chairman and Chief Executive Officer in 1982.

At the Board meeting of June 12 1985, Mr Jean Delorme informed the Directors that he did not wish to renew his term of office as Chairman and moved that **Mr Edouard de Royère** be appointed **Chairman and Chief Executive Officer.** The proposal was accepted.

All the Directors having joined Mr Edouard de Royère in paying tribute to Jean Delorme's outstanding contribution to the growth of L'Air Liquide since 1927, the Board, acting on Edouard de Royère's proposal, unanimously conferred the title of **Honorary Chairman** on **Mr Jean Delorme** and entrusted him with the **chairmanship of the Consultative Committee**

Mr Alain Joly, previously a Director and Vice-President, was appointed **Deputy Chief Executive Officer.**

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Australian trade figures show deficit growing

By Michael Thompson-Noel in Sydney

AUSTRALIA'S deteriorating trade position was highlighted in figures published yesterday, though there was conflicting evidence as to how the recent sharp depreciation of the Australian dollar is affecting trade.

Australia's trade deficit last month was A$131m (£69.68m) against a surplus of A$328m in April, boosting the trade deficit for the 11 months to May 1985 to A$1.54bn (£801m), against a surplus of A$107m for the same period last year.

Combined with an increase of A$1.76bn in the net invisibles deficit, the trade turnaround resulted in an 11-month current account deficit of A$10bn — up A$3.4bn on last year's deficit.

Net apparent capital inflow for the period was A$8.8bn, about the same as last year.

Both the dollar and share prices were marked lower on the news. The Government said the result was fully expected and that the trade pattern would show improvement in the next few months.

Although there was a 5 per cent improvement in exports last month, to A$2.9bn, imports surged by 18 per cent in May to A$3bn. For the first 11 months of the financial year, exports have improved by 21 per cent, to A$25.83bn, with big gains for cereals and other farm exports, plus a big gain for coal (up 35 per cent).

But imports over the 11 months were 29 per cent higher at A$27.37bn. Imports of fuels rose by about 5 per cent. Increases of at least 10 per cent occurred in all other broad commodity groups, with machinery and transport equipment (up 40 per cent) accounting for over half the overall increase.

There is now some nervousness over a significant rekindling of inflationary pressure over the next six to 12 months, with strong total demand, wages drift and significant increases in labour costs exacerbated by the recent sizeable devaluation of the dollar.

A middle-order forecast sees Australia's inflation rising from an annual rate of 4.4 per cent in the March 1985 quarter to one of 8.2 per cent in the June quarter next year. More pessimistic forecasts range up to 10.4 per cent.

This could easily undermine the Government's pay accord with the unions, who are nervous over tax reform plans which incorporate a 12.5 per cent broad-based consumption tax.

Mr Bob Hawke's Labor Government will host a tax summit in Canberra at the start of next month, but significant employer opposition to its reform plans can be expected.

In addition, there is growing evidence that rank and file Labor MPs are suspicious of the tax package and that Mr Hawke and Mr Paul Keating, are venturing on to very thin ice.

Heavy fighting breaks out around Beirut refugee camps

BY OUR MIDDLE EAST STAFF

HEAVY FIGHTING broke out again yesterday around Palestinian refugee camps in Beirut while in south Lebanon diplomatic efforts continued to secure the release of 21 United Nations soldiers held by the Israel-backed South Lebanon Army.

The Shi'ite Amal militia, supported by tanks from the Sixth Brigade of the Lebanese Army, poured fire into the Chatilla refugee camp where Palestinian guerrillas are still holding out after more than three weeks of fighting.

The renewal of the assault underlined the failure of last week's talks in Damascus when President Hafez al-Assad of Syria sought to achieve a ceasefire linked to fundamental consistitutional reforms.

At least 12 people were said to have been killed in yesterday's fighting, although there is little information about the death toll within the camps.

Palestinian efforts to beat off the attacks were supported yesterday by artillery fire from surrounding hills. Observers reported that the fire was coming from an area controlled by the Druze, indicating that the deterioration in relations between Amal and the Druze was adding yet another layer to the increasingly complex pattern of alliances in Lebanon.

In the south, UN officers were allowed by Amal to meet 11 men from the South Lebanon Army who were either seized or chose to defect last week. The SLA alleges that UN troops helped Amal to kidnap the men. In retaliation the SLA have since Friday been holding 21 Finnish UN troops.

Gen Antoine Lahad, who commands the SLA, has said he will release the Finns if he is allowed to question his 11 men. Israel, meanwhile, claims that it has no authority over the SLA, even though reporters on Wednesday saw Israeli troops helping to guard the UN hostages.

AS THE hostage drama in Lebanon continues, the Finnish Government is gradually adopting an unprecedented tough foreign policy at the risk of breaking diplomatic relations with Israel, Olli V. Virtaen reports from Helsinki.

The country's basic foreign policy is one of neutrality, so the first reaction among Finnish officials to the hostage crisis was one of trusting expectation towards Israel, who was expected to order the release of the Finnish troops. But sentiments in Helsinki have now turned against Israel, which is now seen as the moving force behind the South Lebanon Army.

Relations between Finland and Israel suffered another blow when Israel's Defence Minister Yitzhak Rabin put the blame for the crisis squarely on Finnish UN soldiers who, according to him, did not act impartially towards the SLA. Finland's Foreign Minister Paavo Vayrynen used unusually stern language by replying that such a comment reduces Israel's trustworthiness.

Iraq continues Iran raids

IRAQ said its warplanes raided nine Iranian towns and cities on Wednesday night and yesterday, and Iran said six people were killed and 30 wounded in the attacks, reports Reuter from Bahrain.

Iraqi military spokesmen in Baghdad said Iraqi jets on Wednesday night hit Tehran twice and two towns in the north-west. Three cities—Karand, Dezful and Kermanshah—and three villages were hit in fresh attacks yesterday between 9.20 am and noon local time. All the aircraft returned safely, they said.

Iran's national news agency, IRNA, said four people were killed, 10 injured and six houses destroyed in the raid on Tehran. It also reported one killed and six wounded in a raid on a western border town and one killed and five injured in an attack on nearby Karand.

Iraqi air raids on other towns were repelled by anti-aircraft fire, the agency, received in London, said. Iranian artillery had hit back with heavy bombardments of seven Iraqi border towns over the past 24 hours. Iran has also reported hitting Baghdad three times with missiles in retaliation for almost daily Iraqi raids in a recent escalation of the air war.

Call for Le Grange to quit over Uitenhage shootings

BY ANTONY ROBINSON IN JOHANNESBURG

OPPOSITION leaders in South Africa's White House of Assembly yesterday called for the resignation of Mr Louis Le Grange, Minister of Law and Order, and swift action against those police officers criticised in the Kannemeyer report on the shooting of 20 black mourners at Langa, near Uitenhage, on March 21.

At the start of the debate on the Kannemeyer report, Mrs Helen Suzman, Opposition spokesman for law and order, said that Mr Le Grange "must in all conscience resign" as he bore the ultimate responsibility "for the ghastly happenings at Langa," Mrs Suzman also called for punitive measures against those police and security officers criticised in the report because "it cannot be left for blacks to say 'the police got away with murder.'"

In the interests of establishing better relations between the police and local community, she also called on the Government to offer ex-gratia payments to the families of those killed and to the wounded and to drop all charges against those shot on March 21.

Speakers from the right wing Conservative Party opposition, however, paid tribute to the police "were were exposed to great danger" and attacked Mrs Suzman and her Progressive Federal Party (PFP) for "undermining confidence in the country's justice and police."

For the Government, Mr Adrian Vlok, the Deputy Minister of Law and Order, said that police shortcomings highlighted by the Kannemeyer report were already being attended to.

He appealed to members not to make political capital out of the incident but then went on to attack the PFP for not taking into account the facts behind the unrest

S. Korean construction hit

SOUTH KOREA'S overseas construction industry has fallen into serious doldrums this year with a monthly average of 3,000 workers returning home from construction sites abroad, mostly in the Middle East, according to official statistics reported yesterday by AP in Seoul.

The Labour Ministry said the number of Korean construction workers overseas dropped to 118,000 in March 1985, about 44,000 fewer than in December 1983, illustrating the decline of 3,000 per month.

The Ministry attributed the setback to both the sluggish economy in the Middle East, once South Korea's biggest source of foreign exchange earnings, and the tendency for countries there to use their own workers. Another factor was a lower-cost labour force recruited by Korean companies. In 1983, about 55,000 workers were said to have been recruited from Thailand, Bangladesh, India and other Asian countries.

Foreign construction orders remained slow in the first five months of this year, totalling $1.9bn (£1.5bn),

Company Notices

On March 31, 1985, a $15 million contract was signed in Istanbul between the Belgian company,

CMI COCKERILL
MECHANICAL INDUSTRIES
(Seraing, BELGIUM)
and the Turkish company
ENKA INSAAT VE SANAYI A.S.

for the supply of four heat recovery boilers, to be installed behind the BBC gas turbines of the 600 MW Thrace Combined Cycle Power Plant under construction in Hamitabad, Turkey. ENKA INSAAT VE SANAYI A.S., the main construction subsidiary of the leading Turkish group ENKA HOLDING INVESTMENT COMPANY INC, in consortium with BROWN BOVERI COMPANY A.G. (Mannheim),. has been awarded, the turn key contract for said Hamitabad Power Plant by the Turkish Electricity Authority (TEK).

Under their contract, CMI will perform the general and detailed engineering of the heat recovery steam generators, the supply of equipment, the supervision of erection and the commissioning of the four boilers.

The manufacture of some equipment and the complete erection of the plant will be performed by CIMTAS, another subsidiary of the ENKA HOLDING INVESTMENT COMPANY INC.

DIAMOND CAPITAL LTD.
Registered Office:
80 Broad Street, Monrovia (Liberia)

NOTICE TO SHAREHOLDERS

The Board of Directors hereby announces that the annual meeting of shareholders of Diamond Capital Ltd. (which was scheduled to take place on Wednesday April 24th in Geneva and suspended for reasons beyond the control of the Board) will be held at the offices of MES Derains and Gélinas, 21 avenue George V, Paris, France, on July 2nd, 1985 at 2 p.m. to discuss the following agenda:

—Discussion of the accounts for the financial year 1984;
—Election of Directors;
—Miscellaneous matters.

Any shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf.

Holders of shares to bearer who desire to attend or vote at the meeting shall deposit their share certificates or a bank statement, certifying that the shares are blocked on their behalf, not later than July 1st, 1985 at 9 a.m. with Mes. Derains and Gélinas at the above mentioned address.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
DIVIDEND NOTICE

At a Meeting of the Board of Directors held today, the following dividends were declared:

Ordinary Shares
A final dividend of twelve cents (12c) Canadian per share on the outstanding Ordinary Shares, payable on July 29, 1985, to holders of record at the close of business on June 25, 1985.

Preference Shares
A semi-annual dividend of $0.02 per Canadian Dollars Preference Share and 2/3rd pence per Sterling Preference Share on the outstanding Preference Shares in respect of the year 1985, payable on July 29, 1985 to holders of record at the close of business on June 25, 1985.

By order of the Board
D. J. DEEGAN, Secretary
Montreal, June 10, 1985.

KINGDOM OF SWEDEN
12¾% 1980-1985 LOAN OF FRF 400.000.000
GENERAL REDEMPTION

The holders of 12¾% Bonds 1980-1985 of FRF 5.000 are informed that all the outstanding securities will be redeemable at par at the final maturity on August 1st, 1985 at the offices of the following Establishments:
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— CAISSE DES DEPOTS ET CONSIGNATIONS — PARIS
— BANQUE NATIONALE DE PARIS — BRUSSELS
— BANQUE BRUXELLES LAMBERT S.A. — BRUSSELS
— MORGAN GUARANTY TRUST COMPANY OF NEW YORK — FRANKFURT/MAIN
— KUWAIT INVESTMENT COMPANY (S.A.K.) — KUWAIT
— MORGAN GUARANTY TRUST COMPANY OF NEW YORK — LONDON
— BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A. — LUXEMBURG
— KREDIETBANK S.A. LUXEMBOURGEOISE — LUXEMBURG

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The FFr 10.000.000 redemption instalment due on July 15, 1985 has been entirely met by purchases in the Stock Exchange.
Outstanding amount after July 15, 1985:
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NOTICE IS HEREBY GIVEN that copies of the Annual Report and Accounts of Britoil Finance B.V. and of Britoil plc for the year ended 31st December 1984 are available from the Paying Agents to the issue.
BRITOIL FINANCE B.V.

Appointments

ACCOUNT EXECUTIVE

West End Office of leading NYSE member firm requires a securities and options specialist Account Executive with at least 5 years' brokerage experience. Must have strong options background, including technical expertise, and all relevant registrations. Ideally, experience should have been gained in North American brokerage environment. Educated to degree standard. Aged mid 30s. Salary negotiable. Usual fringe benefits.

Please write in strictest confidence, enclosing curriculum vitae to Box A9058, Financial Times, 10 Cannon Street, London EC4P 4BY

Reagan quick to praise 'historic' Nicaragua vote

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday praised the Democrat-controlled House of Representatvies for "an historic vote to support democracy" in Central America in approving a $27m (£21.4m) aid plan for the anti-Government Contra rebels in Nicaragua.

The House vote on Wednesday night gave Mr Reagan a long-sought Congressional foreign policy triumph, dramatically reversing his humiliating defeat in April when the House refused any form of new help for the rebels. The House's proposal must now be reconciled in conference negotiations with the $38m, also in "humanitarian" aid, approved by the Republican-led Senate last week.

In the House, 73 Democrats, mostly conservatives and southerners, joined the Republicans to give Mr Reagan a decisive 248-184 victory. Many of them had voted against new aid for the Contras less than two months ago.

The change of heart among Democrats began with the visit to Moscow by Sr Daniel Ortega, the Nicaraguan President, immediately after the April vote, which many of them took as "a slap in the face." While it was by no means Sr Ortega's first trip to Moscow, House members were unaware as they voted that he was about to win promises of fresh aid from the Soviet Union.

Mr Reagan and his White House lobbyists built skillfully on the outrage that Sr Ortega unwittingly generated, not least because many members were already uncomfortable that the House, in rejecting all aid plans, appeared to have abdicated any responsibility for putting pressure on the Sandinistas.

Conservative Democrats and wavering Republicans felt they were becoming vulnerable to charges of being "soft on communism." Southerners in particular were sensitive to fears that continued subversion in Central America would flood their states with political refugees. "Down south, the streets are filling up," said Mr Robert Michel, the House Republican minority leader, "its a fact of life."

Other Democrats said they were disappointed that Sr Ortega had not followed up their April vote with positive steps towards peace. Although Sr Ortega renewed an offer of a ceasefire and an end to Press censorship just before Wednesday's vote, if the House again rejected aid for the contras, many members said that they could no longer believe him. "It's time to draw the line," they said.

Still to be negotiated between House and Senate, however, is the delicate issue of the role of the Central Intelligence Agency in the resumed contacts with the rebels. While the Senate wants the CIA to administer the "humanitarian aid," officially limited to such items as medicine and clothing, the House is adamant that the Agency's role be limited to intelligence sharing.

The House is also likely to resurrect legislation, defeated on Wednesday, to prohibit the CIA from supplying the rebels with covert military aid. The current Congressional ban on direct and indirect support for military or paramilitary operations in Nicaragua expires at the end of September.

At the United Nations in New York, Sr Miguel D'Escoto, the Nicaraguan Foreign Minister, said the House move was a vote in favour of death, destruction, and suffering, Reuter reports.

A spokesman for President Daniel Ortega's office in Managua said the vote would bring more war to a country where thousands of civilians have already died in fighting between the army and U.S.-backed rebel forces now estimated to total 15,000.

In Moscow, the official Soviet news agency Tass attacked the decision, saying it was a green light for direct military action against Nicaragua.

The agency, which frequently accuses the U.S. of waging an undeclared war against Nicaragua and of wanting to invade the country, said the Pentagon was "forging ahead" with final plans for an armed intervention.

Credit and car plant deal for Nicaragua

By Tim Coone in Managua

THE DUTCH vehicle company Daf is to pioneer the development of a truck assembly plant in Nicaragua which might be in operation as early as late 1985.

The deal was finalised during the recent visit to the Netherlands of Dr Sergio Ramirez, Nicaragua's Vice-President, and is being financed with mixed credit totalling $6m.

The site of the plant in Managua has already been chosen. It will initially assemble 120 trucks a year, importing all the parts from the Netherlands. However, it is planned that in later stages only the engines will be imported, the rest of the vehicles being fabricated in Nicaragua. There is also a view to exporting to the regional market.

A technical training programme for Nicaraguan engineers is included in the credit package. It is intended that the plant will be run as a joint venture. It is expected that a foreign investment loan that the Government has promised will be pronounced soon.

The vehicle assembly plant is only part of an even larger credit and aid package that the Netherlands has pledged to Nicaragua for 1985. According to Herr Gysbert Boss, head of the Dutch co-operation programme in Nicaragua, an additional total of $22m in soft loans and $10m in donations were agreed during Dr Ramírez's visit.

The soft loans carry a 2.5 per cent interest rate, eight years' grace and a 30-year payback period. Some $10m is to be used for coastal protection work at Nicaragua's main port of Corinto, and $12m for imports of agrochemicals. The $10m donation will consist of raw materials for pharmaceutical manufacture.

Total Dutch aid to Nicaragua amounts to more than $100m since the 1979 revolution, according to Herr Boss.

Venezuela aims to boost growth

By Peter Montagnon, Euromarkets Correspondent

VENEZUELA has embarked on a policy of economic expansion designed to produce growth of between 2 and 3 per cent this year, the first real increase in GNP for six years, Sr Benito Raul Losada, Governor of the central bank said in London yesterday.

"There can be no question but that the external position is strong enough to allow a period of economic expansion and still have a balance of payments surplus," he told bankers attending a presentation of the country's $21.2bn (£16.8bn) debt rescheduling programme.

Unemployment in Venezuela is currently running at 13 per cent and both the Government and central bank want to see more activity in the private sector, he said. Domestic interest rates were cut by 1 per cent in May and the Government has introduced measures to stimulate construction activity, one of the main engines of economic growth.

Venezuelan officials attending the meeting were at pains to stress the cushion now available to Venezuela in dealing with its debt problems, despite an expected erosion of the oil price. Oil accounts for over 90 per cent of exports.

Fall in U.S. car sales brings retail sale dip

BY NANCY DUNNE IN WASHINGTON

U.S. RETAIL sales dipped 0.8 per cent last month, dragged down by a 3.2 per cent drop in automobile sales, the U.S. Commerce Department said yesterday.

However, the effects of the decline, the largest since last July, were mitigated by the Department's revised estimates of April retail sales, which rose 2.4 per cent over March. The Department had originally reported only a 0.9 per cent advance in April.

Sales in May were worth $113.7bn (£90.2bn), 5.3 per cent ahead of a year earlier. Earlier this month major U.S. retail chains said sales had been disappointing. Sears, Roebuck, the nation's largest retailer, reported a 1.3 per cent decline.

The Commerce Department reported a mixed performance. Sales of heavy-duty durable goods were off 2.2 per cent, and purchases of building materials were down 6.2 per cent after rising 4.6 per cent in April. Americans spent less on apparel but more on furniture, petrol and eating out.

Wall Street and economists had been watching the retail sales figures closely for further signs of an economic slowdown. Initially the dollar fell on news of weak May sales, but it rebounded when the market focused on the revised April estimates.

- Mr Henry Kaufman, chief economist at the New York investment bank Salomon Brothers, forecast yesterday that the U.S. economy would grow more strongly in the second half of this year than the first, Reuter reports from Zurich.

Mr Kaufman said in Zurich that he expected quarterly economic growth rates of 3.5 to 4 per cent in the second half of 1985, compared with a dismal 1.3 per cent in the first quarter.

However, Mr Kaufman also said that the stronger economy would bring with it higher interest rates. In the shorter term, he said U.S. banks would cut their lending rates to prime corporate customers within the next few days. The current 10 per cent prime rate was too high, partly because demand for bank loans was low, he said.

Hugh O'Shaughnessy recently in La Paz, details the effects of a mismanaged country

Bolivia teeters on the brink of anarchy

THE CASHIER at the Plaza Hotel in La Paz lent me a couple of million pesos as I arrived—just enough for a snack and a newspaper or two. Presencia, the best Bolivian daily, costs 40,000 pesos. Behind the cashier's desk a large notice says "No credit cards accepted." —not surprising. For a Bolivian trader to accept payment by credit cards, with the inevitable delay in payment, is tantamount to commercial suicide in Bolivia's hyperinflationary situation. Last Friday the Sheraton in La Paz went under: it could not pay its debts and the Government put in a temporary manager.

The banks are doing their best to attract deposits. "Double your money in 90 days," urges one. It is not much of a deal, some experts expect inflation this year to top 34,000 per cent. On the snow-covered pavements around the Obelisk last week, the black-marketeers were offering 325,000 pesos for a dollar: it will be higher today.

The cost to the central bank of importing Thomas de la Rue's high quality banknotes is becoming prohibitive. The Government's coffers are virtually empty and the bank has taken to issuing printed cheques for 500,000 pesos. It is not as secure, but it saves foreign currency. They joke in La Paz that at least bank robberies have stopped: no one has a vehicle big enough to make a robbery worthwhile.

Foreign experts say there will be no foreign currency at all left for imports in three months' time—with the possible exception of about $22m (£17.3m) a month from sales of natural gas to Argentina, if the Argentines themselves have the dollars to pay. The calculation is that the Government's budget deficit is twice as big as the gross national product. Bolivia has not made any appreciable debt service payment for more than a year now.

Bolivia is a lightly-populated South American country the size of France, which has vast untapped mineral and agricultural resources. It is on the point of collapsing into anarchy through a combination of over-borrowing, the world recession and supreme governmental incompetence.

At the end of last year, Bolivia's foreign debt totalled $3.2bn, up from $1.8bn in 1978. The sum is not large by Latin American standards, but it is totally beyond the capacity of the poorest South American country to service, particularly one whose average personal income has fallen by virtually 25 per cent over the past four years.

The inability of the authorities either to pay their debt servicing, which amounts to more than their annual export revenues, or present any credible strategy for beginning to pay them has upset not only the commercial bank and multilateral agencies.

It has clouded relations with the United Nations to whom the Left-wing President Hernán Siles Zuazo appealed directly for help when he was elected to office in 1982. "We put several financial strategies to them but the Government was never able to agree within its own ranks on a reply," one UN official remarked.

The Siles Government has been hit by falling world oil prices, one of its principal exports, and listlessness of its main mining export, tin. Last year, export revenue fell by 7.3 per cent, the year before by 11.4 per cent and in 1982 by 5.7 per cent. It should here be made clear that these statistics refer to official trade.

The country's largest single export is illegal and its value may only be guessed at. From hundreds of airstrips in the eastern part of the country, light aircraft depart every day with cargoes of coca paste. This is the rough raw material prepared from the leaves of the hardy and prolific coca bush which, on further refining, yields cocaine

Weak leadership: President Hernan Siles

Bolivia's coca paste trade could be worth more than $1bn, more indeed than the country's total legal exports, but of that sum an estimated $200m-$300m stays in Bolivia. There it is sufficient to buy protection from army and police officers and, in the case of the recent military regime which preceded President Siles in power, a whole Government.

Such a catalogue of problems would have caused headaches enough for a determined and united government. Sadly, for Bolivia, the Presidency of Sr Siles has been vacillating and divided. He presides over a coalition of socialist and communist groupings which appears to devote more time to in-fighting than in neutralising the opposition or tackling the country's difficulties.

Sr Siles has not had the frequent excuse used by the Latin American left that he has faced U.S. hostility. Washington has been generally supportive of the Siles Government, even though there have been Communists in the Cabinet.

On assuming office, he and Vice President Jaime Paz Zamora immediately quarrelled. Vice-President Jaime Paz stick it out, but his party broke with him and decamped from the Government. Despite Siles being a left-winger, he was the object of an intense personal hatred by Sr Juan Lechin, the vaguely Trotskyite leader of the trade union confederation COB which has done everything it can to make the President's life impossible.

Weak political leadership has set up a vicious circle in the country's finances. The state corporations have been mismanaged to an alarming degree, ordered to keep their prices low on the one hand and pillaged of their profits for central government use whenever they have any money in the kitty.

Last week YPFB, the state oil company, announced it owned $129.2m and "was in a coma." Sr Oscar Suárez, the general manager, said that was because the Government gave it 67,000 pesos for each dollar it earned by exporting, while it had to operate by buying goods and services at a free-market rate of 350,000 to 400,000 pesos to the dollar.

Comibol, the state mining industry and the principal tin producer, is trying to exploit exhausted mines with worn out equipment and a recalcitrant labour force who themselves are undergoing great hardships. In some parts of Comibol, tin is being produced for more than the corporation receives for it on the world market.

As inflation roars away the real value of government receipts drops, demands for expenditure, particularly on wages, rise and more notes are printed. Weak government leadership is having a powerful effect on strengthening the inflationary forces.

"Hyperinflation is all about people's expectations. The Bolivian people have no expectation that the spiral will be broken. I am an economist but in order to understand Bolivia today I think I should be a psychologist," commented one foreign expert who works with the Government.

Theoretically, an end to Bolivia's miseries could be at hand. The country goes to vote in general elections on July 14. President Siles decided to surrender the presidency a year before the end of his four-year term.

The list of parties has become slimmer than it was in January and the election now looks like a straight fight between the ADN party of General Hugo Banzer, an officer who seized power in 1971, and the MNR of former President Victor Paz Estenssoro, who lead the great revolution and social upheaval of 1952 but who has since become increasingly conservative.

The elections however, look like being primarily an exercise in apathy. Only about a third of potential voters have bothered to register on the electoral rolls. Many Bolivians suspect that Bolivia will soon suffer another of the scores of military coups which have punctuated its 150 year history. Few believe the army has developed any new administrative competence that would allow the soldiers to run the country any better this time than they did last.

In the meantime, the lot of the wage earners will be to convert their peso earnings into goods or black market dollars as rapidly as possible to preserve their purchasing power. Everyone will have the increasing problem of finding supplies at the right price as goods disappear from the shops.

There is every sign that a patch of anarchy is being formed in the heart of South America.

PILKINGTON ANNUAL RESULTS.

EXTRACTS FROM THE ANNUAL REPORT.

Improved United Kingdom operations and another excellent contribution from overseas have resulted in a pre-tax profit of £116m, the highest in the history of the Group (up 31% on 1984).

The second interim dividend has been increased by 1p to 7.5p per share, a total for the year of 12.5p.

UK TURNAROUND

During the year much attention was focused on the United Kingdom, where output per man was increased by 7% against a manufacturing industry average of 2½%.

All divisions except Fibreglass Insulation are now in profit.

Capital expenditure was held to £84.4m and included the purchase of Rockwool factories from Cape Insulation Ltd. and the building of the new coating works at Corby.

OVERSEAS STRENGTH

With 70% of our turnover coming from abroad, our influence as an industry leader is increasing. An example of how doors are continuing to open is our joint venture float glass plant in the People's Republic of China.

While in the U.S., Libbey-Owens-Ford produced record results with an advance of 75% on after tax profits compared with last year.

MANAGEMENT RESTRUCTURING

A major restructuring of management responsibilities has led to operational and profit responsibility being delegated by the board to divisional executives. Much of the central committee structure has been dismantled, and decision taking focused at the operational level.

LICENSING INCOME BROADER BASED

The source of licensing income continues to change from float bath technology to the more general transfer of technology and technical assistance. Together, float licensing and technical assistance amounted to £30m in the year, £6m higher than 1984.

NEW PRODUCT SUCCESSES

As the benefits of restructuring in the United Kingdom come through new products such as Cemfil fibre, our asbestos replacement, and Kappafloat, a high energy glass which gives triple glazing performance to double glazing, are already making their mark.

PROSPECTS

There is a continuing improvement in United Kingdom profitability. The overseas companies should continue to perform well with the Group making further progress through better productivity and improving margins. There will however be exceptional United Kingdom redundancy costs as restructuring is completed.

ANTONY PILKINGTON
CHAIRMAN

	1985 £m	1984 £m
Sales:	1226.9	1214.4
Trading profit:	86.8	76.7
Licensing income:	30.3	24.0
Related companies:	28.9	20.3
Net interest paid:	(30.0)	(32.7)
Group profit before tax:	116.0	88.3
Earnings per share:	21.8p	13.3p
Dividends per share:	12.5p	11.5p
Dividend cover:	1.4	1.0

The above figures include an additional contribution to replacement at current cost and obsolescence. On an historic cost basis comparable figures would be:

Group profit before tax:	£148.3m	£122.0m
Earnings per share:	36.9p	29.6p

PILKINGTON

Fast Lane

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- Scimitar SS1, Caterham 7, Corolla GT
- Barry Sheene on four wheels
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At your newsagent only £1.00

Cambridge Instrument plans market flotation

BY STEFAN WAGSTYL

CAMBRIDGE Instrument, the high-technology company that was on the verge of collapse six years ago, is planning a stock market flotation.

The company, which survived the 1970s only with the support of the Government's National Enterprise Board, could come to the London market as early as next month with a possible value of about £50m.

The company and its financial adviser, Kleinwort Benson, and broker, Lawrence Prust, have been working on flotation plans for some time. It is understood, however, that it is possible that the flotation might still be delayed. That is largely because of the recent poor performance of shares in the stock market's electronics sector.

Cambridge Instrument has declined to comment directly on its intentions. But Dr Bill Henderson, deputy managing director, said flotation was something companies in the position of Cambridge Instruments did consider "from time to time."

The company is the UK's leading maker of scanning electron microscopes and of a range of sophisticated scientific equipment for semiconductor manufacturers. Some 75 per cent of sales are made abroad, principally in the U.S.

Flotation will mark the culmination of a recovery at Cambridge Instrument that began in 1979 when Dr Terry Gooding, a U.S. company doctor, bought control of the company from the National Enterprise Board (NEB).

Earlier, the NEB, set up by the Labour Government to invest in industry, had been unable to keep the company from running into heavy losses, despite investing £9m of public money. The sale to Dr Gooding, accompanied by a further £8.5m cash injection, was the NEB's last-ditch attempt to save the company.

Dr Gooding took almost 75 per cent of the company's equity, leaving the rest for the NEB, Midland Bank and the Industrial and Commercial Finance Corporation (ICFC).

Under Dr Gooding the company has recovered rapidly from losses of £3m a year to a pre-tax profit of some £500,000 in the year to March 1982; £2.3m in 1983; and £3m on turnover of £37m in 1984.

The results for the 1984-85 year have not yet been published, but Dr Henderson said: "We made pleasing progress. The trend was satisfactory."

Dr Gooding, the company's non-executive chairman, will become executive chairman from July 1. Since 1980 he has headed Picker International, the medical electronics subsidiary of GEC. Cambridge Instrument sold its own medical equipment business to GEC in 1980 and in return bought a 10 per cent stake in Picker.

Britain urged to choose Ariane

By Peter Marsh

ARIANESPACE, the mainly French company that sells Western Europe's Ariane rocket, is stepping up its efforts to persuade Britain to choose Ariane for the launch of a military satellite in 1988.

A delegation from Arianespace, which is three-fifths owned by French interests, including France's national space agency, visited Mr Michael Heseltine, the Defence Secretary, in London yesterday to put the case for the rocket.

Britain caused a stir 18 months ago in deciding to launch two other military satellites, Skynet 4A and Skynet 4B, on the U.S. space shuttle, the main rival to Ariane in the satellite-launch business.

French officials accused Britain, which is a leading member of the European Space Agency that developed the rocket over a decade, of exhibiting anti-European attitudes.

Skynet 4A and 4B, to be used for communications between British forces in North and South America and Europe, are to enter orbit next year.

Arianespace says it is putting in its bid to Britain as early as possible for the contract to launch the next member of the satellite series, Skynet 4C. That is to give British Aerospace, the main contractor for the satellite, the opportunity to design the craft so it is compatible with a launch on the European rocket.

The delegation to Mr Heseltine was headed by M Frédéric d'Allest, chief executive of Arianespace, and M Charles Bigot, the president.

The Arianespace officials were in London to give a talk on space activities to members of the House of Commons space committee.

Arianespace says it aims to capture about a third of the market for satellite launches over the next five years.

MANAGEMENT TEAM BIDS IN NAVAL SHIPYARD PRIVATISATION

Vosper Thornycroft up for sale

BY ANDREW FISHER, SHIPPING CORRESPONDENT

VOSPER THORNYCROFT, the Southampton-based warship yard which is negotiating for a £300m frigate order from Pakistan, has been formally put up for sale in the latest stage of the Government's privatisation of naval shipyards.

The deadline for initial bids is August 16, 1985. Among the bidders will be a management team headed by Mr Peter Usher, the managing director. So far in the yards sell-off, Yarrow on the Clyde has been sold to General Electric (GEC) and the small Brooke Marine yard in Suffolk to three directors.

GEC is paying £34m for Yarrow, which specialises in building frigates, although the deal will not be signed until talks with unions over pay and productivity are concluded.

Vosper was left out of the latest frigate order for the Royal Navy early this year. Swan Hunter on the Tyne and Cammell Laird on Merseyside (now to become part of the big Vickers yard) will build one of the £140m vessels each.

The Southampton yard, also with facilities in Portsmouth, builds glass reinforced plastic (grp) vessels as well as steel ships. Last week, it won a £70m contract to build two armed grp mine-detecting ships known as Mine Counter measure Vessels (MCMVs).

Vosper Thornycroft made a pre-tax profit of £7.9m in the financial year to March 31 1985, according to unaudited figures, compared with £4.1m in the previous year. As with the other yards, the sale is being handled by the Lazard merchant bank.

Vosper hopes to hear later this summer whether the letter of intent from Pakistan on the three frigates, one to be built in Karachi, will be translated into a firm order. At present, it has no large ships under construction.

It delivered HMS Gloucester, a Type 42 destroyer, to the navy a month ago and is refitting three frigates for Indonesia. As well as the MCMVs, it is building two fast patrol craft for export to an unnamed buyer. One MCMV was launched last week and work on another has just begun, apart from the latest order.

The Hampshire yard employs around 3,700 people, some 2,000 fewer than in 1982 after redundancies caused by gaps in the order book. Some 800 job losses were announced last November.

The Vickers yard at Barrow-in-Furness in the north-west of England, combined with Cammell Laird, is due to be put up for sale in September. Swan Hunter, for which a management team is also bidding, was put on the market in April.

Scargill launches new mines campaign

BY DAVID GOODHART

LEADERSHIP of the National Union of Mineworkers yesterday announced a fresh four-point plan against the recently accelerated programme of pit closures.

Unperturbed by the failure of the 12 months' strike, Mr Arthur Scargill, NUM president, said: "We have not come through that long bitter dispute to lie back and allow the NCB to butcher the industry." He did not rule out attempts to organise further national industrial action, although any such attempt must be a long way off.

The first of the four "points" will be an official meeting between the NUM executive and the executive of the pit deputies' union, Nacods.

Mr Scargill said that in informal meetings the leaders of the two unions had already agreed that last year's Nacods agreement with the coal board was a "sham."

The second, and most important, point is a "massive public campaign both inside and outside the industry" against pit closures. Other points include further meetings with the Labour Party and the leadership of the Trades Union Congress.

Mr Scargill said that since the end of the strike the coal board had announced 24 pit closures or mergers, with a loss of 25,000 jobs, and the closure of 12 out of 23 workshops, with the loss of a further 3,000 to 4,000 jobs. "This is just the first step towards the plan for 70 pit closures which we have been warning about for three years," he said.

The NUM president said the only officials to be surprised by the speed of recent closures were those from the moderate areas. The Nottinghamshire area, he said, had lost 7,000 jobs over the past year and had recently been told that 50 per cent of the South Notts area will be closed in two to three years.

He also insisted that if it had not been for the strike another 25 pits nationally would already have been closed.

Mr Scargill repeated that the NUM continued to face serious financial difficulties because "we have been hijacked by the receiver."

It was disclosed that the solicitors acting for Mr Ken Foulstone and Mr Bob Taylor, the two working miners whose action led to the intervention of the receiver, have agreed to withdraw their action if the NUM leadership now accepts that the strike was unofficial.

There is little likelihood of that or of the union purging its contempt at least before the annual conference next month in Sheffield. There was a move at yesterday's executive meeting to have the present contempt purged, and thus return the union to financial normality, but the mover could not even find a seconder.

● Northern Ireland has emerged as the fastest growing market for British coal, with twice as many companies running on coal as in 1979, Mr Malcolm Edwards, the National Coal Board's commercial director, said in Belfast yesterday.

He was addressing businessmen after signing a contract to 65,000 tonnes a year of open-cast coal from Ayrshire to the Du Pont synthetic rubber works near Londonderry, which previously used oil.

Group plans banking centre in Docklands

By William Cochrane

AN INTERNATIONAL consortium of banks headed by the London-based Credit Suisse First Boston has been granted an option on Canary Wharf in the London Docklands Enterprise Zone. It says it might be the basis for the creation of a financial centre that might be worth £1.5bn.

The consortium, which includes Morgan Stanley International and First Boston Real Estate, says Canary Wharf, in the West India Dock on the Isle of Dogs, could take between 4m and 8m sq ft of offices. It says there is a demand for 19m sq ft of modern office space that the City of London is unable to provide.

Executives of the London Docklands Development Corporation, tasked in 1981 with the rejuvenation of 5,100 acres stretching eastwards eight miles from the Tower of London, have been cautious.

Option arranged on Telegraph shares

BY LIONEL BARBER

MR CONRAD BLACK, the buccaneering Canadian financier who emerged this week as a 14 per cent shareholder in the Daily Telegraph, has been granted an unusual option, which might lead to his acquiring control of the newspaper group.

In a deal struck with Lord Hartwell, the 74-year-old chairman of the Telegraph, Mr Black, 40, will be able to match any bid from a third party, should Lord Hartwell and the Berry family wish to sell their 60 per cent controlling share block.

"This is not an option for Mr Black to buy control of the Telegraph," said Mr John Holland, the Telegraph's finance director yesterday. He discounted suggestions that Mr Black had first refusal on the Berry family shares that are held in trust.

The agreement is to last 10 years but its relevance lies in the Telegraph's plans to obtain a full stock market quotation in five years' time.

It is understood that Mr Black, himself a newspaperman and chairman of the privately owned Ravelston Corporation, tried to secure first refusal on the Berry shares during a meeting with Lord Hartwell and senior Telegraph executives in New York late last month.

The present arrangement represents a compromise. It protects Mr Black's position but it does not guarantee that a bid by him would be accepted by the Telegraph trustees.

In the event of a bid battle, it also protects the UK institutions that have subscribed to the Telegraph's offer of a 40 per cent shareholding through a private placing to raise £30.1m.

Thornton in Financial Weekly deal

By Jill James

MR CLIVE THORNTON, deposed as chief executive of The Mirror newspaper by Robert Maxwell has disclosed that he is one of the buyers of Mr Maxwell's Financial Weekly.

Mr Thornton, also a former head of the Abbey National Building Society, is part of a three-way consortium which has taken the paper over, along with the Swedish publisher Affarsvarlden and the paper's staff.

It is thought that Mr Thornton paid considerably less for the paper than Mr Maxwell acquired it for in 1982.

Mr Thornton said he thought that had his name been linked with the deal it was likely that Mr Maxwell would not have sold the paper. He said he had been involved in the takeover for almost a year and was known to the paper's staff and Affarsvarlden by the codename Gandalf, a fictional character.

Mr Thornton confirmed that he would become executive chairman of the publication and a major shareholder. All staff will also be obliged to become shareholders. Mr Thornton said he hoped that would be a way of averting industrial troubles.

He planned a relaunch of the paper in the autumn, when it would change to a magazine-style format

Union launches drive on equal pay for women

BY BRIAN GROOM

THE white-collar Association of Professional, Executive, Clerical and Computer Staff (Apex) has launched a series of claims for equal pay on behalf of women members in the Midlands engineering industry, reinforcing fears among employers that they might shortly be swamped by such claims.

The union is submitting between 100 and 150 applications to the Birmingham industrial tribunal, making claims by women clerical staff that they are underpaid compared with male manual workers. It might bring them rises of between £10 and £40 a week.

The applications are from Birmingham and Coventry and affect companies such as Rolls-Royce, GEC Telecommunications, Coventry Climax, Alvis, Dunlop and TI Reynolds. If the test cases succeed, Apex intends to spread its net nationwide and other unions might follow suit.

Apex expects the tribunal to appoint independent experts to evaluate the claims by comparing staff jobs such as nurses, telephonists, secretaries, clerk typists and print room operatives with machine operators, storemen, carpenters, and labourers.

The wave of claims has been made possible by the "equal pay for work of equal value" amendment to the Equal Pay Act, brought reluctantly into law by the Government in 1983 after a European Commission directive.

Employers feared a new wave of claims because the first three cases that went through the procedure resulted in victories for the complainants: a cook in a Cammell Laird shipyard in Liverpool; 14 female fishpackers in Hull; and a housemother at a college in the West Country.

Mr Owen Granfield, Coventry area organiser of Apex, said: "A nurse at a factory such as Rolls-Royce earns £7,500 a year. A machine operator at the same firm earns £1,500 a year more basic, plus bonuses and incentives.

"There is a mystique about fork-lift-truck drivers. They earn £136 a week at Coventry Climax, yet they need just one week's training and they do not even have to be able to drive a car. A senior secretary at the same company gets $92 a week."

The cases are expected to come before the tribunal in September or October. Apex has 94,000 members, 54 per cent of them women.

Mr Granfield said that where equal pay with manual workers pushed women's wages higher than their male white-collar colleagues, the union would seek parity for its male members.

Windsor TV to launch cable service

By Raymond Snoddy

WINDSOR TELEVISION, the cable company that postponed its decision to invest because of the uncertain climate for the industry, has decided to go ahead after all.

The company, which won one of the 11 pilot franchises awarded by the Government in 1983, will begin laying cable in September and open a 10-channel cable television service in October.

Windsor's plans are, however, very different from its original intentions. It will set up two separate services – one for business and industry and the other to provide entertainment to the domestic consumer.

The company will start by spending £1.5m for the first phase of the domestic service to reach about 7,000 homes. Mr Michael Davis, the chairman, is placing great commercial emphasis on services for business and industry in the Slough industrial estate and Heathrow Airport, both within Windsor's franchise area.

● British Telecom is to buy a small cable television network in the City of London from Visionhire Cable for £250,000. Under the agreement, which has to be ratified by the City corporation, BT will distribute television and radio services to about 2,000 homes.

CNT

HARLOW AIRPORT?

NEVER HEARD OF IT...!

'Sir, sir ... Have you heard the news?'

'Not now, Jenkins. I'm busy searching the map for a decent place to move to...'

'But sir ... that's just the point...'

'I know... Can't find anywhere that's got good access by road and rail, lots of factory and warehouse space to choose from, a first class labour force and plenty of top quality housing...'

'But sir ... that's what I mean...'

'Preferably with a proper airport too, so I can get around Europe fast... and some decent shops for the family, of course...'

'Harlow, sir.'

'Who?'

'Harlow in Essex. It's a town. M11, M25, rail straight into London, direct road links to the East coast ports to Europe, brand new shopping centre, lots of super houses in the town and surrounding villages, plenty of offices, factories, warehouses and development land to choose from ... and an airport, sir...'

'Harlow Airport? Never heard of it.'

'That's because they call it Stansted, sir. London's third international airport. It's just been announced. Up to 15 million passengers a year, they say. And, of course, it's still a very new town. First class infra-structure. Lots of new roads. New housing and schools. A rather special new health care scheme...'

'Well, don't hang about, Jenkins. Get on the blower to Stanlow... Harsted... or whatever it's called...'

Harlow – it's amazing the difference an airport can make.

FOR MORE DETAILS RING JAMES GRAFTON, DIRECTOR OF PROMOTION, COMMISSION FOR THE NEW TOWNS, GLEN HOUSE, STAG PLACE, VICTORIA, LONDON SW1E 5AJ. TELEPHONE: 01-828 7722.

1984

Credito Italiano

The Accounts for the year ending 31st December 1984 were approved at the Shareholders' Meeting held in Genova under the Chairmanship of Mr Alberto Boyer. The 1984 financial year closed with a pre-tax figure of L554.4 billion. After a taxation charge of L151.1 billion, L314.3 billion was set aside for depreciation and allocations, leaving a **net profit of L89 billion**; of this L35 billion was assigned to reserves and L54.4 billion to the Shareholders. It was decided to distribute a dividend of **L85 per share**, as in 1983, on a company capital which was doubled during the course of the financial year, and this dividend may be collected from 17th May 1985 against presentation of the share certificate coupon No. 25.

As regards the Board of Directors, the Shareholders' Meeting nominated Mr Pier Carlo Marengo Director and confirmed Mr Alberto Boyer as Chairman of the Board, as well as Mr Leo Solari and Mr Sergio Forenti Deputy Chairmen. Mr Lucio Rondelli and Mr Pier Carlo Marengo are Managing Directors. The Extraordinary Shareholders' Meeting deliberated on the incorporation in Credito Italiano of SAMPOOM S.p.A., Milan, previously a property shareholding.

The dividend may be collected at all branches of Credito Italiano, Banca Commerciale Italiana, Banco di Roma, Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Istituto Bancario S. Paolo di Torino, Monte dei Paschi di Siena, Banco di Santo Spirito, Banco di Sardegna and Monte Titoli S.p.A.

Bids for Abbey Life equity total £4.6bn

BY STEFAN WAGSTYL

TWO THIRDS of the 375,000 investors who applied for stock in the heavily oversubscribed offer for sale of shares in Abbey Life, the UK's second largest unit-linked life company, will get no shares at all.

Most remaining investors will get only a small fraction of the shares they applied for.

Applications for up to 3,800 shares are to be put into a ballot for 200 shares, in which the chance of success is one in three.

Investors applying for more than 5,000 shares will receive about 5 per cent of their application, falling to 4 per cent for the largest applications.

The issue, in which Abbey's parent, ITT, the U.S. conglomerate, is selling 48 per cent of the company, was oversubscribed 18 times. Some £4.68bn of investors' money was put up for the £243m worth of shares on offer.

Mr Michael Hepher, Abbey's chairman and managing director, said he was delighted with the level of oversubscription because it showed how popular the company was with investors.

London analysts said last night that the level of demand indicated that the shares would trade at a likely premium of 40p or more to the offer price of 180p when dealings began yesterday.

Details of the allocation, announced yesterday by S. G. Warburg, Abbey's financial adviser, are as follows.

Applications for 200 to 3,800 share – ballots for 200 shares, 4,000 to 4,400 – allocation 200 shares; 4,600 to 4,800 shares – allocation 225 shares; 5,500 shares – allocation 250 shares.

The chance of success in the ballot is: applications for 200 shares, one-in-10; for 300-400 shares, one-in-six, 500-600 shares one-in-four; 700-1,000 shares, one-in-three; 1,100-2,00 shares, one-in-two; 2,200 to 2,800, two-in-three; 3,000 to 3,800 shares, three-in-four.

Applications for more than 5,000 shares will receive a 5 per cent allocation, falling to 4 per cent for the largest applications, to a maximum of 400,000 shares.

Christian Salvesen to sell 57m shares

BY OUR FINANCIAL STAFF

CHRISTIAN SALVESEN, one of the UK's largest private companies, yesterday announced details of its plans for a London Stock Exchange flotation that will put a value of £315m on the group.

Merchant Bank Kleinwort Benson is offering for sale 57.1m shares, or 20.8 per cent of the enlarged equity, at a fixed price of 115p each.

Existing shareholders, among them many descendants of the company's 19th century founder, are selling 37.1m of the shares on offer. The remaining 20m are being sold to raise £21.35m after expenses to help to fund the company's future expansion.

Mr Barry Sealey, the managing director, said: "We see prospects of expansion in almost all of our business areas."

The Edinburgh-based group, with interests in food processing and distribution, house building and marine and oil services, made profits of £33.4m pre-tax on turnover of £256m in the year to last March.

Christian Salvesen, which originally made its fortune from whaling in the Arctic and Antarctic, has grown strongly in recent years from the development of its food services division, which last year contributed £19.2m of the group's trading profit.

The company is the largest cold-store operator in the UK, with a national network of 16 depots serving customers including Marks & Spencer and J. Sainsbury. It also runs cold stores in continental Europe and in the U.S.

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North Sea oil agency plan may have failed

By Dominic Lawson

PLANS to form a North Sea oil co-operative to act as an oil trading agency for up to 42 independent North Sea producer after the abolition of British National Oil Corporation (BNOC) appear to have foundered.

The sponsors, brokers Fielding Newson Smith, and County Bank, required producers with output totalling at least 50,000 barrels of oil a day to subscribe to the plan by today. But it now appears that the target will not be reached.

A key reason is that a number of the North Sea producers are not accepting BNOC's attempts to terminate their contracts. These companies have insisted that the agreements cannot be terminated unilaterally. They expect to be able to sell their oil to the Oil and Pipelines Agency, the rump organisation that the Government is setting up in place of BNOC.

While some companies may succeed in this, their action will irritate the Government, which badly wants to get out of the business of setting North Sea oil prices.

A further problem for the North Sea co-operative is that both British Petroleum and Occidental have made very strong sales pitches in an effort to trade the oil of the many small companies which have stakes in their oilfields.

The many companies with a stake in BP's Forties field would form a key part of any North Sea co-operative. But BP is thought to be offering attractive terms to the Forties stake holders, involving a monthly contract price that cannot be revised downwards, whatever happen to the spot market during the month.

But Fieldings and County Bank are likely to tell the small producers that their offer remains available, even after the official closing date at the end of this week.

● The Government is expected to reveal later today some of the terms of the £500m sale of its remaining stake in Britoil, the world's largest pure oil exploration company.

Michael Donne reports on prospects for a meeting of defence ministers

Eurofighter talks set to stall

PROSPECTS for an agreement on the development of a new European Fighter Aircraft (EFA) at next week's meeting of defence ministers of the five countries involved appear gloomy.

Since the last meeting of the ministers in Rome several weeks ago, little progress has been made in harmonising the marked differences that emerged on the size and type of aircraft required.

At that meeting, the French delegation insisted on a smaller aircraft, with a different role (ground attack) than that sought by the other nations (the UK, West Germany, Italy and Spain), who want a bigger aircraft, capable of air-superiority roles.

A compromise solution was arranged at that meeting, with the five nations' aerospace industries being asked to conduct further studies on the possibility of producing jointly an aircraft of about 9.5 tonnes, with a margin for additional equipment for other roles that would lift the weight to 9.75 tonnes.

At the same time, the industries were asked to review various options for engine development, with the aim of harmonising the different nations' requirements.

The French require an engine of about 22,000 lbs thrust while the other four nations want a bigger engine of about 25,000 lbs thrust to fulfil the more arduous air superiority role.

As a result of the work subsequently done by the aerospace industries, a wide series of options has been drawn up, covering various sizes of aircraft and engine powers, for consideration by the defence ministers.

Those are being embodied in a new report, hastily being drawn up (it was understood still to be incomplete yesterday), by the national armaments directors of the five nations, for submission to Monday's meeting on the EFA.

Those options range from total acceptance of the French submission for a smaller, 9.5 tonnes aircraft with the more limited engine, through to abandonment of any notion of a five-nation consortium, with the alternatives of a four-nation group (without the French), and even the possibilities of go-it-alone ventures by the British, French and West Germans.

Under the last solution, the UK would build a fighter based entirely on its own current Experimental Aircraft Programme (EAP), while the French would build their own aircraft based on the Dassault-Breguet Rafale (the ACX, or Avion de Combat Experimental), and the West Germans would probably link with the U.S. industry in a separate venture.

Solution of the differences is widely seen by both Ministry of Defence and aerospace industry officials as a political matter.

It appears to be accepted that the differences of view at industrial level – for example, between British Aerospace and Dassault-Breguet – are now so wide as now to be unbridgeable.

Ministry officials privately are believed to feel that the chances of an agreement next week are slim, despite the undeniable UK Government desire to see an international collaborative venture emerging on the widest possible basis.

The UK aerospace industry believes that the type of aircraft the French wish to see built will not meet the RAF's needs, being too small and underpowered. That view appears to be shared by West Germany and Italy.

The French view is that, with the existing Mirage 2000 already available, an air superiority fighter is not needed, and all that is required is a ground attack aircraft to replace the Jaguar.

Beyond those problems lie others – notably the question of cost and work sharing, with equally wide divergences of view.

France wants to have at least 31 per cent of the work, together with design leadership, with Dassault-Breguet itself suggesting that up to 46 per cent of the work for France would be all that was acceptable.

The UK and West Germany on the other hand, believe that a more equitable distribution of work on the basis of 25 per cent each for the three major countries, with Italy taking 15 per cent and Spain 10 per cent, would be acceptable.

Such matters are not even expected to reach the agenda next week. Settling the type of aircraft to be built is more fundamental

Details of Lloyd's inquiry sought

By John Moore

LLOYD'S underwriting members facing £130m of losses have called for papers of an investigation carried out by Sir Peter Green, the former chairman of Lloyd's, into the business arrangements of one of the managers of their affairs.

The investigation, personally carried out by Sir Peter, probed the involvement of Mr Peter Cameron-Webb, who managed the affairs of the underwriting members, with a company in Monte Carlo, Unimar SAM. It was carried out at the end of 1981 and the beginning of 1982 but the findings were never published.

Sir Peter studied a reinsurance contract arranged by Mr Cameron-Webb with Lloyd's insurance syndicates under his management with Unimar. It appeared that more than £400,000 was transfered to Unimar from the syndicates in the form of commissions. Unimar channelled the money to Switzerland.

The money was intended, according to various documents, to be used as commissions to attract other reinsurance business into the syndicates at Lloyd's. The arrangement has been described as a "slush" fund.

The inquiry was closed at the beginning of 1982 after Sir Peter gained assurance from Mr Cameron-Webb, a former business associate, that the records and affairs of the syndicates under their management were in order. Some £400,000 was returned to syndicate members from the offshore funds.

A steering committee representing 350 underwriting members has written this week to the members saying that a cash demand by the Richard Beckett Underwriting Agencies company for them to pay up money to meet insurance claims may not be enforceable.

Actual underwriting losses are running at between £7m and £8m, the steering committee says. The funds which the agency has said would be needed to meet future losses of £130m are in fact provisions.

The steering committee argues that the agency agreement between the underwriting members and the agency company only entitles the agency to make cash calls for "actual underwriting losses."

MPs urge more disclosure at Westminster

BY PETER RIDDELL, POLITICAL EDITOR

FULLER DISCLOSURE of the activities of parliamentary journalists, the secretaries and research assistants of members of Parliament and of officers of all party political groups, has been recommended by the cross-party select committee on members' interests.

The committee, chaired by Sir Geoffrey Johnson Smith, the Conservative MP, does not, however, recommend any tightening in controls or disclosure requirements affecting MPs who are involved as lobbyists on behalf of outside organisations or commercial interests.

The inquiry, started before the 1983 general election, was prompted by increasing concern over lobbying and public relations activities at Westminster and the use of facilities of the House of Commons by those who had privileged access to them.

Both the Institute of Public Relations and the Public Relations Consultants Association have called for some form of official register of lobbyists. However, the committee noted the view of Mr John Biffen, the Leader of the Commons, that such a register would be open to serious objections of principle in that it would give preferential access to Parliament to a limited number of people, while there might also be problems of definition and enforcement.

Consequently, the committee is not convinced that the establishment of a register of parliamentary lobbyists would best serve the purposes of accessibility and openness.

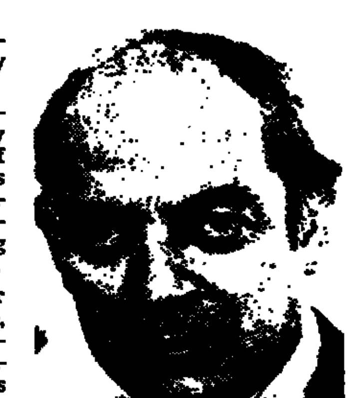
The committee also rejects a suggestion that MPs should register money received from lobbying or public relations work, largely on grounds of privacy. MPs at present should declare names of individual clients for whom they perform a service as MPs.

The report notes that parliamentary journalists had privileged access to members, to the vote office to obtain documents, and to private briefings, and that there is clearly scope for abuse should any journalists use their access for other purposes. Officers of the parliamentary lobby and the press gallery told the committee that there had been disquiet towards the end of the 1970s and early 1980s although no instance of impropriety has been established.

There has, however, been concern among some parliamentary journalists about the possibility of abuse by a small minority of press gallery members securing documents earlier than they would obtain them outside, and passing them on to non-journalistic clients.

In evidence to the committee, Mr G. E. Russell, Deliverer of the Vote, who handles the division documents, said there was "one particular organisation which we regard as extremely suspect in regard to its activities within the House because we do not believe that they do in fact perform the correct duties of lobby correspondents – they are acting as an agency and obtaining an enormous amount of documents from us."

The committee also discussed the increased number of secretaries and research assistants to MPs concurrently pursuing other vocations and using their access to Parliament to further them.



Mr John Biffen: opposed register

The report concludes by arguing that, "the right of access to MPs must be upheld. At the same time, when they are approached, members and the House must be readily able to identify the source and true nature of the approach. Equally, the full purposes of these with access to Parliament should be known."

Editorial comment, Page 16

Broker warns that monetary policy brings risk of inflation

BY PHILIP STEPHENS

A MAJOR shift in the Government's monetary policy is needed to avoid the risk of the rapid build-up of liquid savings in the economy over recent years being translated into higher inflation, London broker W Greenwell argues today.

The broker, perhaps the foremost in analysing monetary developments, says that the present policy has allowed commercial banks to meet a surge in demand for credit without raising short-term interest rates to attract an equivalent level of deposits.

This is because the Bank of England has acted as a lender of "first resort" to the banking system through its unlimited commitment to supply funds through the purchase of commercial bills.

The Bank, in effect, has provided around £15bn to commercial banks to enable them to satisfy the demand for loans without having to bid for more deposits, the broker says. In the process it has caused enormous distortions to markets.

The development has coincided with a natural shift of funds away from longer-term investments into short-term deposits because of the high level of real interest rates.

The result is that a much larger proportion of financial assets is now held in liquid form.

Greenwell says that there is no immediate worry as long as such assets are regarded as savings but there is a danger that they could be quickly translated into increased spending which would fuel inflation.

The broker suggests that the authorities should act to avoid that risk by setting a limit on the quantity of commercial bills they are willing to buy. If the money markets wanted to sell a larger amount the Bank would supply the cash at a penal interest rate.

It argues that this would provide a natural mechanism to prevent a resurgence of inflation by curbing the amount of liquidity which could be readily spent.

Greenwell is also dismissive of the emphasis being placed by the Treasury on the narrow money supply measure Mo, which consists mostly of notes and coins in circulation.

It says that the measure cannot be controlled by changes in interest rates except over a very long period and predicts that the official target range for Mo may gradually lapse.

● The Bank of England confirmed yesterday that the broad money supply measure, sterling M3, rose by 0.5 per cent in the four weeks to May 15.

That represented much slower growth than in the previous month, but still left sterling M3's annual growth rate at 11.6 per cent, well outside the Government's 5 to 9 per cent target range.

Mo fell by 0.1 per cent during the month to give growth over the last year of 5.5 per cent, inside the official 3 to 7 per cent range.

Short week experiment for taxmen

THE Inland Revenue and the tax officers' union have finalised terms for an experimental four-day working week at Solihull in the West Midlands under the department's new technology agreement reached earlier this year.

Mr Tony Christopher, general secretary of the Inland Revenue Staff Federation, which negotiated the agreement, said: "We regard this as extremely important and we want to learn from it so that we can produce the most flexible working arrangements possible."

□ F. H. TOMKINS, the fast growing West Midlands engineering group, has agreed to acquire seven subsidiaries of Guest Keen and Nettlefolds (GKN) for £13.5m.

The companies involved, which have combined net assets of about £10.6m, are in manufacturing and distribution sectors. Their combined sales last year reached £26.5m and trading profits before GKN internal charges were £3m.

□ VICKERS has won a contract from the Ministry of Defence to design and develop a recovery vehicle for the Challenger tank. The contract was won in competition with the state-owned Royal Ordnance and the Government said the competition resulted in a saving of about 20 per cent on the estimated cost.

□ FERRY OPERATORS will have to pay a larger share of Britain's £45m lighthouse costs and pleasure craft will be charged dues for the first time, if the Government accepts the recommendations of a report by Arthur Andersen, the accountancy group.

□ CAR and commercial vehicle production in the UK continued at improved levels during May compared with the same period of last year.

Car output, seasonally adjusted, was 88,000, according to provisional estimates from the Department of Trade and Industry. That compares with 75,000 in the same month last year.

□ SEALOCRETE, a Southampton-based supplier of specialist chemicals for the construction industries, has been bought by its senior management from the family owners for £3.5m.

□ THE CONSTRUCTION industry's workload is improving, with most of the boost coming from new industrial and commercial building and repair and maintenance work, according to the Department of the Environment.

□ BRITAIN'S STEEL stockholders want production and market controls to be maintained in the European Community's steel industries for the next few years.

Co-op to close biscuit factory

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN's oldest co-operative factory, at Crumpsall in Manchester, is to close down early next year, the Co-operative Wholesale Society (CWS) announced yesterday. The closure, together with other cutbacks, will lead to the loss of 585 jobs.

The move is because of the age of the plant and equipment at the factory and static market demand for its product, which is biscuits.

The CWS, which has total sales of £2.2bn a year, says it was forced to make the cuts to "concentrate our resources on what we can do best in the interests of retail co-operative societies."

The retail co-ops, which buy the bulk of their products from the CWS, are facing difficult trading conditions with tough competition from supermarket chains such as Tesco and J. Sainsbury.

As a result, the CWS has already had to carry out some rationalisation of its food operations over the past year as well as to rescue loss-making retail societies. Its trading profits for the year ending January 1985 were £19.5m, marginally lower than the previous year.

The Union of Shop, Distributive and Allied Workers (Usdaw) said yesterday that it had been concerned about the future of some CWS food manufacturing plants for some weeks. It recognised that the CWS had problems but believed "these difficulties are to a great extent of their own making."

The union suggested there had been a lack of investment and a failure to respond to market trends.

The Crumpsall biscuit factory is over 100 years old and has had losses of over £500,000 a year in recent years. Its closure next spring will lead to the loss of 420 jobs and production will be concentrated at the CWS's Harlow, Essex, factory, where 100 jobs will be created.

A further 120 jobs will be lost when the confectionery department at the CWS's preserves factory in Reddish, Stockport, near Manchester, closes in three months' time. CWS losses from confectionery production are running at over £300,000 a year.

Saatchi recruits Whitbread chief

BY LISA WOOD

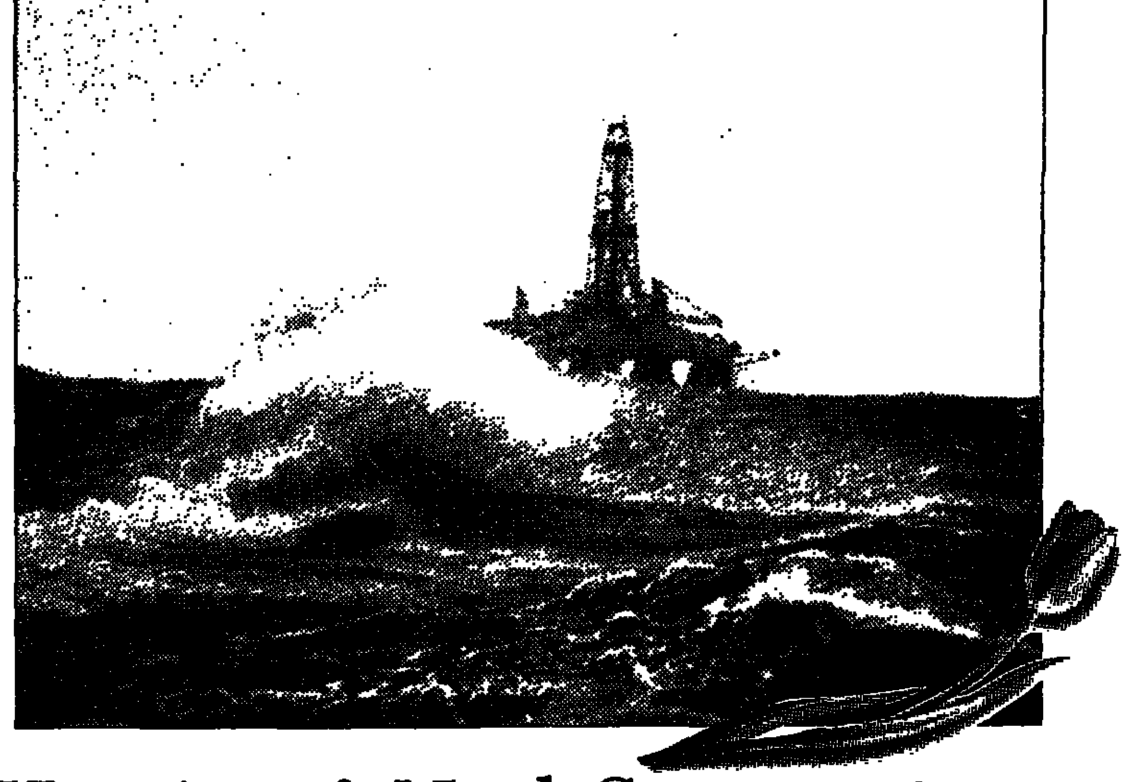
SAATCHI & Saatchi, Britain's largest advertising agency, is to rationalise its activities into two divisions and has hired Mr Tony Simonds-Gooding, managing director of Whitbread, Britain's third biggest brewer, to head one of these.

The re-organisation into the two divisions, one bringing together all Saatchi's communications activities and the other its consultancy business, reflects the group's expansion from its advertising base to the provision of a full range of business services in international markets.

Mr Simonds-Gooding's successor at Whitbread will be Mr Peter Jarvis, who joined Whitbread in 1975 and the main board in 1979.

Saatchi & Saatchi, the fifth largest agency group in the world, started actively working in international markets in the early 1980s. Since then it has been expanding its activities in areas such as public relations and consultancy work. The group took over Hay, the international management consultancy, last December.

At the head of the two divisions is Saatchi & Saatchi Holdings, chaired by Mr Maurice Saatchi. The group, in the year to September 1984, made a profit of £18.3m and is forecast to increase this to £28.3m this year – the figure including nine months of the Hay acquisition.



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THE PROPERTY MARKET BY WILLIAM COCHRANE

Jumbo parks on march

PRESSURE for the development of Jumbo Parks — U.S.-style, out or edge of town conglomerations of convenience retailing, more tastefully described as retail parks this side of the Atlantic — are one of the major issues in property this year.

Eldon Square, Newcastle, described as the best developed and best managed UK shopping centres of the past twenty years, is currently making plans to compete with John Hall's Metro Centre in the Gateshead Enterprise Zone, which attracted Marks & Spencer and grew like Topsy to a reputed 1m sq ft.

In Scunthorpe, South Humberside, the war could be more bitter. Local traders, horrified by the development of 180,000 sq ft of convenience retailing in the local Enterprise Zone — and the possibility of more, since this zone, unlike Gateshead, has no restriction on its retailing element — have taken legal advice to see if they can have the scheme declared illegal.

Sylvia Bulmer, a local trader and an active member of the National Federation of Self Employed and Small Business, accuses the Scunthorpe Borough Council of failing to follow the advertising and consultancy procedures required in local planning legislation.

"The first we knew of it," she says, "was in a local newspaper story last September." She points to Rotherham (which has an in-town Enterprise Zone) and says that this local authority inter alia, sent out 500 letters to businessmen, and relevant plans, a year before its EZ was designated.

"Look at U.S. town centres," she says. "They are full of office blocks, coffee shops, a few specialised shops and properties like dustbins." The burden of the local traders' argument is that, with this form of development, the council is shifting decay from one part of its territory to another.

The anchor of the EZ retail development is a Hillards superstore, a local variation of the Sainsbury / Asda / Tesco mould. Other stores include Vallances Electrical, a local competitor for Comet, presently in the town centre. A Madeleys do-it-yourself outlet; a garden centre, on the edge of the zone, rather than in it; and an MFI furniture store, moving from other premises in the area.

Stuart Wilson, leader of the Labour-controlled borough council, says he can understand the urban decay argument, and even says that it is valid—to a point.

However, he insists that the council complied with the legislation, as it interpreted it; that local traders failed to turn up at a relevant meeting, although a local councillor, who is an active member of the self-employed and small business federation, was actually present. "They didn't take any interest until it happened" he says.

Mr Wilson is also very conscious that Sunthorpe failed to get EZ status on its first attempt, when it was very restrictive on the retailing element. He argues that convenience durables do not compete to a great degree with the town centre — MFI was not a town centre operation in its original premises — and that food was already out of town, in a big way, with Asda established in another location.

Borough surveyor and planning officer Ian Hutchison enumerates what the EZ has brought in other ways: a 450,000 sq ft Hygena manufacturing operation; a 1m sq ft development by Pipe and Rail on a site including a redundant steel factory; and other developments adding up to some 1.9m sq ft of non-retail either built or planned.

The legal action may not happen. The courts may rule that the protesters have not lodged their objections in the requisite time frame.

It happens, however, that the property industry, writ large, is represented in Scunthorpe by the Coal Board pension funds, which own the relatively modern town centre shopping precinct.

David Prosser, Director-General of the NCB pension funds, says: "We have not felt the impact of the EZ shopping centre yet as landlords; it is the traders who are the sharp end."

"It's difficult to see the balance between short term impact and long term benefits," he says, "but an Enterprise Zone is expected to create more jobs. If it does that, in the long term it may yet be beneficial to the town centre."

Mothercare fund takes a stand

THERE is an air of uncertainty about direction of the property investment market these days. Many managers are still buying high street prime, or not buying at all, whereas more adventurous beings like David Double of Rothschilds and Matthew Oakeshott of the Courtaulds Pension Fund are breaking the rules and talking about it in public.

Latest in this line is Terry Goddard, property overlord of the Habitat-Mothercare group, in his capacity as investment and administrative director. At a time when a number of pension funds and unit trusts are attempting to reduce their property portfolios, the Mothercare Pension Scheme is involved in the largest programme of property acquisition in its history.

Goddard decided late in 1983 that he wanted a high return, compatible with security and quality of income. Gordon Bloor & Company, specialists in commercial short leasehold investments, an area more akin to banking than real estate, were appointed sole agents and advisers to the fund.

Low yielding prime was out and the fund was distinctly wary of the 6 to 9 per cent yield range, dubbed the "Black Hole" for its lack of growth and subsequent marketability. However, Gordon Stafford-Bloor of the agents says that, over the last two years, more and more quite respectable investments yielding 10 per cent or more have come on to the market and remained unsold. It was decided to concentrate on this area.

It has bought: the commercial element of Avenfield House, part of Felix Fenston's estate, in London's Park Lane on a ground lease basis, where negotiations are in hand with the Cadogan Estate for a new 125 year lease, against its current, 74 year remaining life; the warehousing part of a sugar refinery in Liverpool; a freehold filing store in London's Docklands; two Sainsburys leaseholds; and many more.

In 15 months the fund has spent some £13m—"on generally very good real estate let to safe tenants," says Stafford-Bloor—plus £2m on improvements. The commencing yield on these transactions is over 14¾ per cent; and the total fund is around £25m, all in property.

However, this fund will eventually merge with the Habitat and Heals funds, which are not in property. So Mr Goddard's neck is not quite so far out as it appears. As to the internal composition of the property portfolio, Mr Stafford-Bloor has two main things to say:

- "We never buy leasehold property not let for the full term to an undoubted covenant"; and, on marketability.
- "I have no doubt that we could sell the entire portfolio at considerably more than we paid for it."

C & C— one man's view

LIBERTY LIFE'S cash bid of 225p a share for Capital and Counties, says Chris Walls of stockbrokers Grieveson Grant, is consistent with Capco's inherent capital gains tax liability.

The South African insurance company may, or may not want to provoke a flood of acceptances with a bid enforced by the technicalities of the takeover code. But it has not, says Mr Walls, put in an obviously cheapskate offer.

Capco's fully diluted net asset value is about 258p a share but within that, says Mr Walls, the capital gains tax liability gauged from a note to the last accounts comes out at 38p a share. Allowing for indexation adjustments, he says, break up value net of cgt could be almost exactly the same as the bid.

He thinks shareholders should be ready to accept the offer, and buy back, if they so wish, when the price settles back to a 20 to 25 per cent discount again.

Before that, they should see what Capital and Counties says in response to the bid; and study the offer document too. Liberty could just insert a clause, he muses, saying it would reserve the right to take full control if a flood of acceptances transpired.

Options open at White City

STOCK Conversion is nearing a decision on possible schemes for its 16½ acre White City Stadium site in West London. Joint managing director Jonathan Lane is expecting a decision in two or three weeks.

"One of the options is to do something ourselves, in whole or in part," he says. "We are looking at three parties in addition to ourselves representing occupiers, owner occupiers and developers."

- British Telecom has taken a lease on the entire 75,000 sq ft Central Plaza North office block in Central Milton Keynes, the only headquarters office building available before space in the Central Business Exchange comes on stream this autumn. Asking rent was £8.50 a ft; joint letting agents were the Milton Keynes Development Corporation, and Knight Frank and Rutley.
- Argyle Stores' Presto supermarket operation expects to open 20 Food Markets this year, adding 374,000 sq ft of new sales area or 16 per cent to Presto's total selling space; it aims to match this performance in 1986.
- International reports: Richard Ellis say that the pace of investment activity in U.S. institutional real estate quickened during the first quarter of 1985; according to Jones Lang Wootton, the Brussels office market is continuing to perform strongly following its widespread improvement throughout 1984; and, by way of variety, Lurot Brand see outstanding investment opportunities in prime commercial property in France's second city, Marseille.
- Hunting Gate is to buy outright some 10¾ acres of ICI's Bessemer Road, Welwyn Garden City site now surplus to requirements and acquire options to acquire the remainder of the 52 acres available. Outline planning permission has been granted for nearly 800,000 sq ft of offices, research space and production facilities.
- Following the recent change of use of one of the light industrial units to offices, Speyhawk's development in Dean Street, Soho will now provide 20,000 sq ft of offices on completion. Letting agents Savills and Mason Philips emphasise the attractions of up to 24 car spaces in the development.
- British Land and Power Securities said this week that planning consent for their four acre site on St. Stephen's Green on the junction of Grafton Street has now been confirmed.

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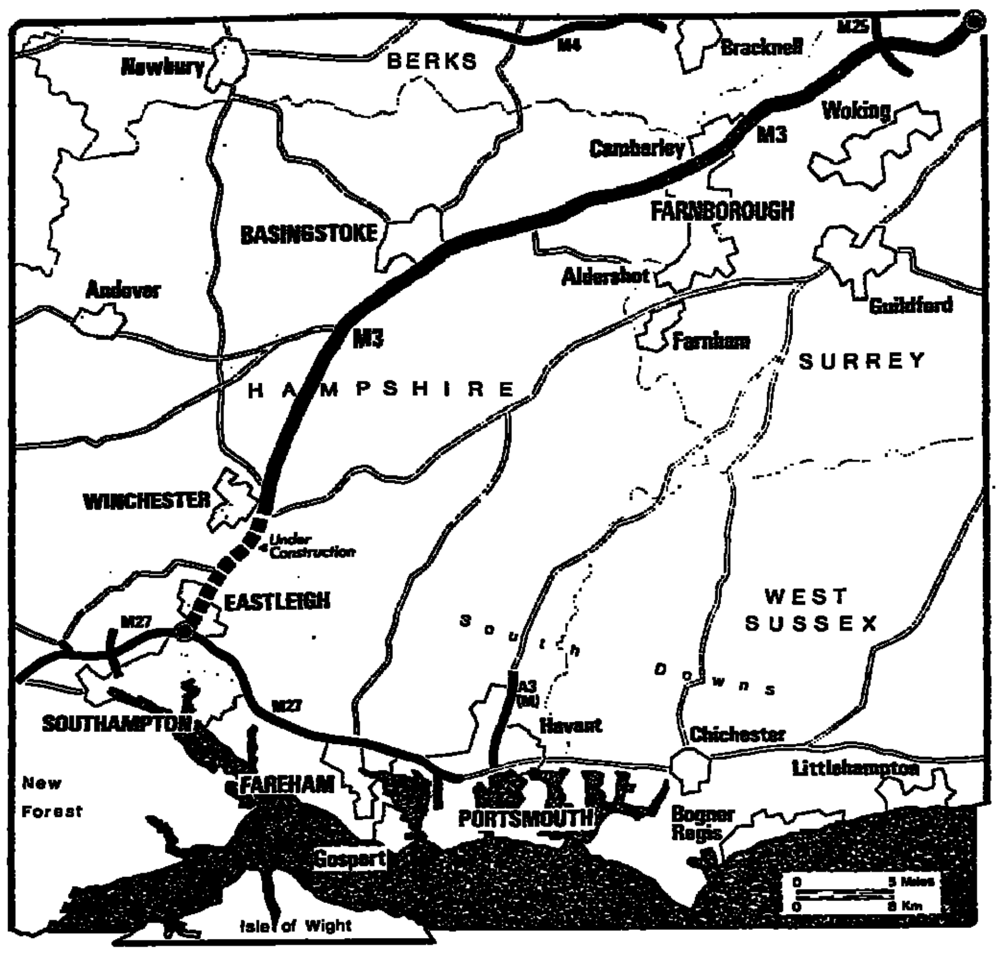
FINANCIAL TIMES SURVEY

Friday June 14 1985

Property along the M3

The growing M3/M27 network is a key factor in the soaring demand for office and industrial space along the corridor from London to the South coast.



Artery for development

MOTORWAYS create development. The M3—which will soon stretch from London to Southampton—is no exception and cannot be seen in isolation from the M27, linking Southampton and Portsmouth, or the A3 (M).

Mr Philip Martineau, of the Hampshire Development Association, should know. He is seconded from IBM, the main development influence in the county, where he advised senior management on office and factory development.

"Communications was the main attraction of Basingstoke for IBM when it moved in the late 1970s," he says. The attraction persists with IBM's occupation this year of the bulk of Basingstoke's large office space.

The planners, and the HDA in its role as development catalyst, are still not satisfied with the motorway network, however. Mr Hugh Barrett, assistant director of the HDA and seconded from the Hampshire County Council where he was in charge of structure plans, makes the point emphatically.

"What we need is access to the M3 between junctions 4 and 5," he says.

Survey written by WILLIAM COCHRANE

This is in relation to the 330-acre Southwood Community Centre, which will have 55 acres of industrial property, 75 acres of residential and the rest devoted to a small shopping centre, other services like a school, and open space. Chestertons are project managers and letting agents for Municipal Mutual Insurance.

The Wilky Group describes its £45m Watchmoor industrial park at junction 4 near Camberley as its flagship in the Heathrow/Gatwick "golden triangle."

It is interesting, however, to see how soon the London connection loses its pivotal position in the minds of some M3 supporters.

"The finest thing that ever happened to Basingstoke is that it broke way from the apron strings of London," Mr Derek Drew of Hampshire County Council, says.

The surge in office space take-up, mostly in the last six months, and the incursion of big names like IBM, Sony, Digital and Monsanto seem to prove his point. Even Provident Life, the insurance company relocating to a prominent building next to Basingstoke railway station, is now a member of the Winterthur Group.

Provident, like other occupiers, talks about economies of scale on moving out of London, and about communications, land availability and environment.

It is also an owner occupier and says: "As the general area around Basingstoke is one of growing prosperity, our freehold property should make an attractive investment."

Mr Roger Dean of agents Strutt and Parker agrees. "Rents in Basingstoke are about £10 a sq ft for offices against £2 or £3 more for Reading on the M4. And Reading has major traffic congestion problems," he says.

Official policy for Basingstoke is to slow growth dramatically, the HDA says. The extension of the M3 to Winchester was targetted for May 27 and the Winchester-Southampton link is programmed for 1987.

Andover, on the A303, is flourishing too. Trustee Savings Bank securities division is setting up a head office and a clutch of small U.S.-funded advanced technology developments is also taking place.

"Andover has never been pushed or promoted like Basingstoke," says Mr Martineau. "It never had the need. The pace of growth is slower, and part of the Test Valley has distinct residential attractions."

Winchester seems to be passed over quickly in the rush to get to the western end of the M27. Cramped, tightly controlled and sometimes quaint, this tourist centre gets the accolade for "Hampshire's most attractive open multiple shopping thoroughfare" from local agents L. S. Vail.

Shop rents have reached £50 a sq ft, and the town may serve as a model for smaller ones with prosperous hinterlands like Alresford, Bishops Waltham, Stockbridge and Wickham. Mr John Vail says shopping here is moving up market.

Development on the M27 is a conundrum. Mr Barrett says there is a lot of industrial land in South Hampshire, but the institutional market is highly active. It is often difficult to accommodate the requirements of large individual companies, particularly if they want a freehold.

The county council has attacked this problem by designating reserve sites. These include Nursling, 65 acres, east of the M271, and another 50 acres south of junction 2.

"This gives some room for manoeuvre by local authorities faced with the sort of company that wants it all its own way, including the room to expand over time," Mr Barrett says.

Southampton has seen a strong revival in industrial and office demand, while shopping development may be slowly coming out of its shell after years of delay. The only black spot is the docks, which have lost the continental ferries to Portsmouth and seem slow in recovering from this, and past labour problems.

However, selection for freeport status and plans for the redevelopment of underutilised parts of the dockland are encouraging local property professionals to be optimistic about the longer term.

In marked contrast, the commercial docks in Portsmouth continue to expand, Vails say. There has also been a healthy revival in demand for industrial space and even the long-dormant office market shows signs of regeneration.

Retailing development is strangely quiet, given the dramatic things going on elsewhere in the UK.

However, it is worth remembering that 1984 was marked as a year of small-scale development in UK retailing as a whole and that things are going to change in 1985. In this region developers may be waiting for the right time to strike.

Attractions of the south

After IBM, which has been in Hampshire for more than 25 years, Capital & Counties is the name heard most frequently among developers and investors in the region.

The developer, currently subject to a technical takeover bid, has been in the county since its Southampton East Street centre was built in the early 1970s. This comprises a prime, high-rise office block mixed with some shopping which was always secondary, says Mr Brian Jolly, C & C development director. But it has now found a place as a centre for discount traders.

IBM took C & C's next scheme in the area, the 21,000 sq ft Fareham Parkway campus office development.

"We detected prospects in a recovering market, a better parking policy for the region and the opening of the M27 about three years ago when rents in Fareham were £5 a foot. We let at £6.50," Mr Jolly said.

At Waterlooville, where it has four acres, C & C pre-let 65,000 sq ft to Payless DIY and Courts Furniture, but was refused planning permission. At Eastleigh, it has another four acres off the Chandlers Ford bypass.

This month saw the pre-letting of 79,000 sq ft of headquarters offices on two floors and an 8,000 sq ft single-storey computer suite at C & C's 170,000 sq ft Hampshire Corporate Park, at Chandlers Ford. The offices rent for £7 a square foot to B & Q.

There is also the prospect of another major office development in the region.

The main reason for C & C's commitment to the county is the motorway network, although the environment, good (if dated) shopping, Southampton University and seascape all acted as a draw.

Sun Life of Canada puts the incoming occupier's point of view. It selected Basingstoke for its headquarters after extensive appraisal of alternative sites.

"A number of key requirements had to be met for our purposes," said Mr M. E. Bates, vice-president for investments. The site had to be capable of supporting 100,000 sq ft of office space on which planning consent existed or could be easily obtained.

It had to be in a prestige position. Occupancy costs measured by rent and rate charges had to offer substantial savings over central London and salary costs should be lower by being outside of the London allowance areas.

Good communications were essential, particularly as Sun Life has a national branch network of sales offices. The area also had to have an available and expanding labour market to support immediate and future staffing needs.

"Using these criteria more than some 40 towns and cities were considered before the selection of Basingstoke," Mr Bates said.

The main reason for C & C's commitment to the county is the motorway network

Sheraton UK, one of the trading companies of Sheraton Securities International, made a conscious decision to go to the M3/A3 area," said Mr Jeremy Greenwood, a director.

"We like access to Gatwick and we see a good future over the next three or four years. Large land areas are easier to get, and the M3 extensions also fit in with our planning scenario," he said.

At Sheraton's Sunbury Cross Industrial Centre at junction 1 of the M3 the first 55,000 sq ft phase was completed about three months ago. It comprises units of 3,000 to 10,000 sq ft — "high quality industrial with a 22 to 32 per cent office content."

Sheraton is cobbling together about 40 acres towards Southampton for what Mr Greenwood calls an "embryonic park" in preparation for the M3 extension.

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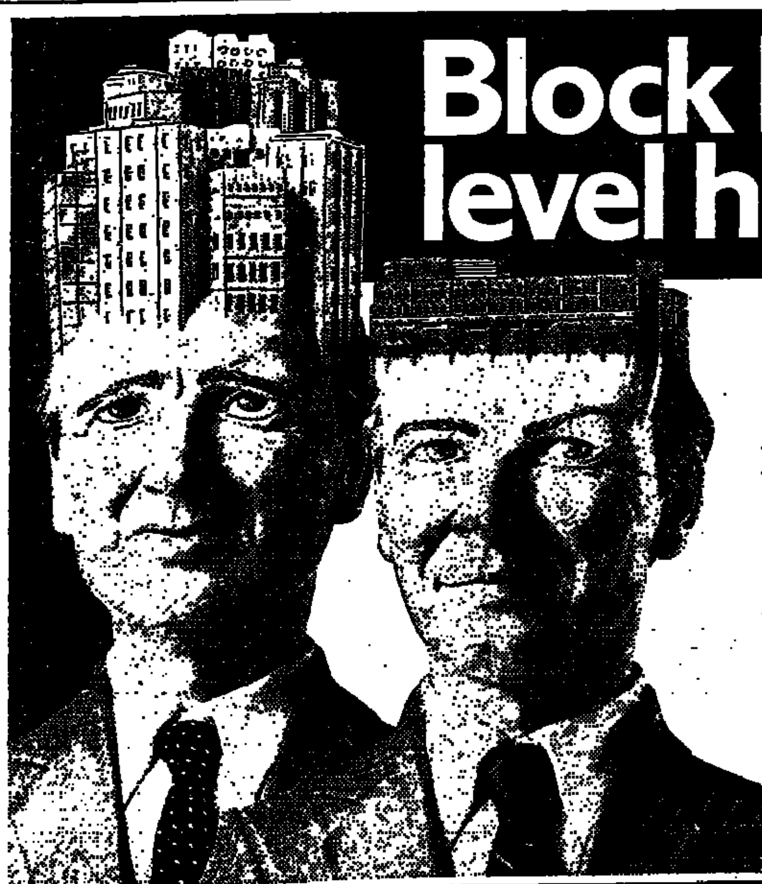

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RETAILING

Recession and delay cool development

RETAIL development, bubbling over in other parts of the country, seems decidedly off the boil in Hampshire.

The reason could be that the property industry is busy supplying the wealth generators —industry, office and high-tech activities — and housing their staff, instead of concentrating on the distribution of goods and money. This might imply more real growth in the local economy.

Another reason may be that long-standing major central redevelopments have been delayed and modified in Southampton, Eastleigh, Winchester, Portsmouth and Gosport by three years of recession. Political, planning and other constraints have also taken their toll.

The Heron/CIN Western Esplanade scheme to be developed with Southampton City Council was scheduled to start construction in 1985. It has now been renamed as the Marlands Centre and is expected to get under way in 1986.

Ambitious plans have been toned down to produce 250.000 sy ft of retail space and a bus station, west of the city's highly successful, traditional Above Bar shopping pitch.

Plans have also been drawn up for a site at the bottom of the pedestrian section of Above Bar, bounded by Hanover Buildings, Bargate, East Street and Queensway. Funding is imminent on the Downing Developments Scheme, to be called the Bargate Centre, says Mr Tony Murley of agents Suttons.

It will have four levels—one for multiples, another for speciality traders, a third for storage, and one for a food court and hall. Car parking will be multi-storey.

In Portsmouth the battle seems to be over between Taylor Woodrow Chippendale, prospective developers of the Cascades Centre, and the Freshwater Group, owners of the unsightly Tricorn Centre.

The Cascades west of the Commercial Road prime shopping pitch in the heart of Portsmouth, will go ahead. Mr John Bannell, of agents Hall & Foster, says compulsory purchase and highway orders were confirmed in 1984, after a public inquiry and construction of phase 1 should start in autumn next year.

Furniture

This will provide approximately 200,000 sq ft of retail space including a department store of 90,000 sq ft, and extensions to existing stores on Commercial Road. A significant increase in car parking is planned.

In Basingstoke, the first phase of the shopping centre was developed by the Prudential and Town & City Properties almost 15 years ago.

"This is ripe for a facelift, although there has been a surprisingly good take-up lately of units vacated by traders who transferred to the recently-completed phase 2," agents L. S. Vail say.

"This overall scheme," has the priceless advantage of 2,000 parking spaces, and bright prospects for rental growth should more than justify the upgrading planned for phase 1."

Mr Bannell lists a stream of success stories where out-of-town or off-pitch location has helped provide parking for the mobile shopper. These include Carrefour at Chandlers Ford, Tesco at Bursledon and Cosham, convenience durables at Segensworth, Asda at Waterlooville, the Co-op hypermarket at Havant, Presto at North End and Safeway at Anchorage Park.

There would be more if the out-of-town developers and retailers got their way, but there is planning and political resistance.

Mr Hugh Barrett of the Hampshire Development Association says: "In Hampshire we have catered for car-borne shopping. Within 15 minutes of all centres we have a food, furniture and DIY store.

"There is scope now only to go into new fields or to increase competition."

Whiteley may be an exception, where planning authorities still might look favourably on shopping. "It is unlikely that permission will be granted elsewhere," he says.

Capital & Counties, purchased a site which appears to have all the attributes for retail warehousing, in Hambledon Road, Waterlooville, close to the town centre and opposite the Asda superstore. Planning was refused and an appeal is starting next week.

"Well over 12 months will elapse between the date of lodging the application and the appeal decision . . . this provides a salutary and unwelcome example of the unreasonable delays which are currently involved in appeal procedures," L. S. Vail say.

The battle lines, it seems, have begun to be drawn.

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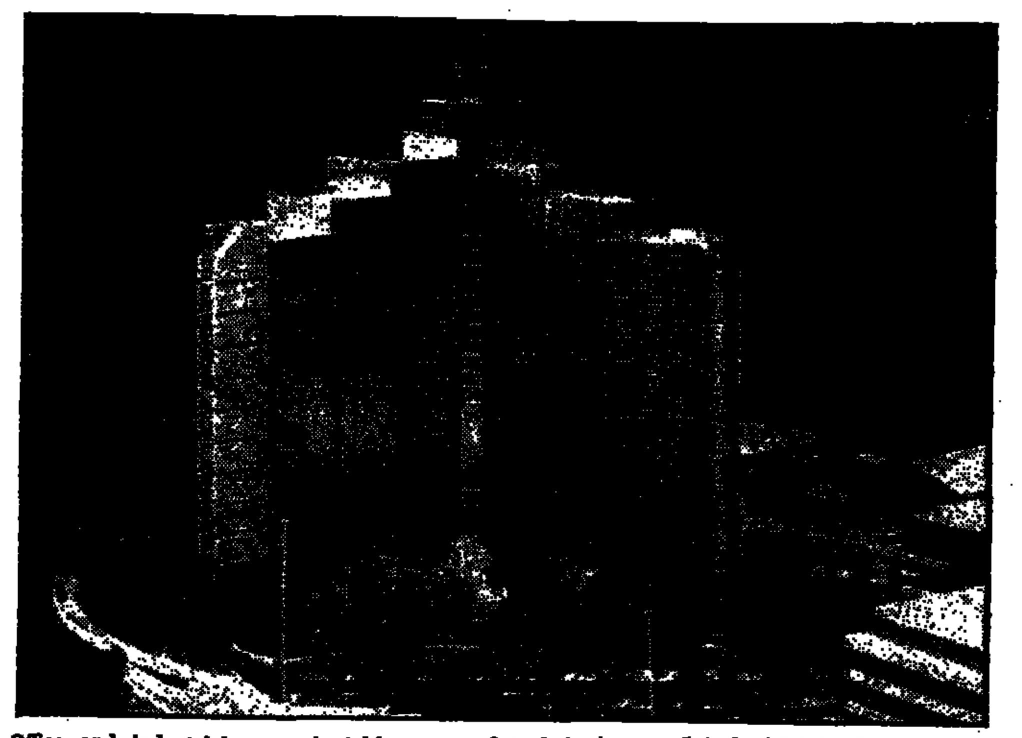

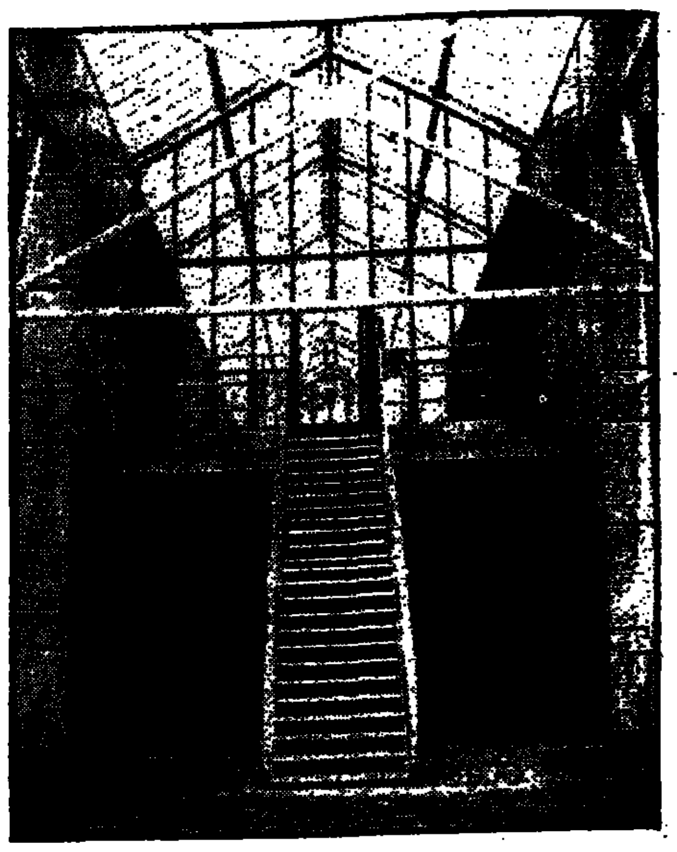

Office and industrial space is taking on a futuristic image. Intech (right), the Sherfield Investments scheme in Basingstoke founded by Royal Life provides for high-tech industry. Churchill Plaza (above) will provide 133,000 sq ft of offices on a bus station site in the same town. London & Edinburgh, Guinness Peat and Lovell are the developers

INDUSTRIAL

Rising take-up turns market around

IN TERMS of takeup, investment, development and design, the industrial property market along the M3-M27 nexus has evolved rapidly over the last two years.

At the end of 1984, agents L. S. Vail calculated that the total of vacant factory and warehouse space was 4.17m sq ft, down 24 per cent in 18 months and 12 per cent in six months and representing a relatively manageable 5 per cent of total stock.

More recently, Mr Peter Woodford, of Pearsons in Basingstoke, reckoned takeup in the last 12 months in and around the town was 576,000 sq ft against 489,000 for 1983-84, excluding high-tech or purpose-built schemes. Available new industrial space was 114,000 sq ft (down from 194,000) and second-hand space a little higher at 514,000 sq ft (against 484,000 sq ft) some 32 per cent in three buildings of more than 65,000 sq ft.

Freeholds

"Some confidence has returned and the market has turned in favour of the seller, with the result that fewer incentives will be offered. This is a complete contrast to the last 12 months."

A lot of target marketing has been going on, even among the big schemes.

Arlington Securities' Solent Business Park, 150 acres on junction A of the M27, funded by IBM's UK pensions trust, could provide up to 2m sq ft of pure office, high-tech or industrial space. Strutt & Parker, joint agents with L. S. Vail, have been dealing with a number of inquiries for about 20 acres each.

"Arlington is a developer, and it is important that we sell freeholds to big occupiers, although some of them still want to lease," says Mr Ian Worboys of Strutts.

More than three years' work has gone into 56 acres of reclaimed land at the bottom of the M271 spur for A. B. Ports, and Suttons of Southampton have secured planning consent for 1m sq ft of R & D, offices, production and ancillary storage, Mr Tony Murley says.

This scheme, known as Dock Gate 20, is going for service industries with 25,000 to 40,000 sq ft requirements. The concept is to provide individual units capable of expansion, with two storeys at the back of the development, three on the waterfront, and parking in a ratio of one space to 250 sq ft.

Back with the large space users, Pearsons is acting for the Property Security Investment Trust on 80 acres at Crockford Lane, off the A33, north-east of Basingstoke. There is outline consent for 1m sq ft of headquarters, warehousing or high-tech.

The first wants users seeking rented, purpose-built accommodation. "We have had innumerable enquiries for freehold, but PSIT is an investor," Mr Woodford says.

"We have been negotiating with two companies on a rack-rental basis."

Up-market industrial is the target at Brambles, in Waterlooville, north of Portsmouth, where Marconi Underwater Systems already has 300,000 sq ft of R & D, production and storage. Crowngap is developing another 15 acres in two chunks. Agents are Weatherall Green & Smith and Suttons.

Mr Murley says the development team, supported by funders Royal Life and Crown Life, has just got permission on the front section of the site for two buildings totalling 60,000 sq ft.

With the Marconi seal of approval, we are aiming for a concentration of Portsmouth technology companies," he says.

Once again, Royal London Mutual gets credit for pioneering in this sector. Mr Philip Hutchinson of Pearsons' Southampton office, says the investor/developer, at Hedge End, near junction 7 of the M27, "started by doing what straight developers should have been doing in the first place—holding sites, waiting for the tenant to come forward and then producing a customised shed."

Royal London won pre-lets on this basis from BICC Vero and Duphar Vetinerary in 1982. A third phase is going to Amari Plastics this summer, and the plan for phase four is a high-tech development.

Agents for the project were Richard Ellis and Austin and Wyatt.

University

Mr Hutchinson and his client Anchor Glade, have borrowed the formula with the Omega Park development at Chandlers Ford, close to where the last section of the M3 will intersect with the M27, north of Southampton.

"We propose to build to tenants' requirements a high-tech/industrial combination. The tone will be set by the BICC Vero factory.

"We see enough potential demand to take out three-quarters of the estate by building to requirements in this way. We are willing to sell, or lease at £3.25 to £3.50 a foot," Mr Hutchinson says.

Industrial and high-tech developers are being attracted to the Chandler's Ford/Eastleigh area by the proximity of Southampton University's Chilworth Research Centre.

Vails say that after a tortuous planning history, the centre is under way. Its first building was taken by the Swedish pharmaceutical company Ferring Pharmaceuticals and is due to begin construction shortly along with a 20,000 sq ft "innovation centre."

The 20-acre Chilworth site has consent for 120,000 sq ft of research and development. Southampton University is one of the leading technological universities in the UK, with strengths in engineering, electronics, biochemistry and medicine.

Vails think the central feature will be an old manor house, currently providing temporary housing for half a dozen small companies staffed by present and former university people.

"This will be the meeting place, the talking shop for tenants, with catering facilities and conference rooms," Mr John Vail says.

Portsmouth Polytechnic is trying to get something similar going and the professionals seem to be in favour.

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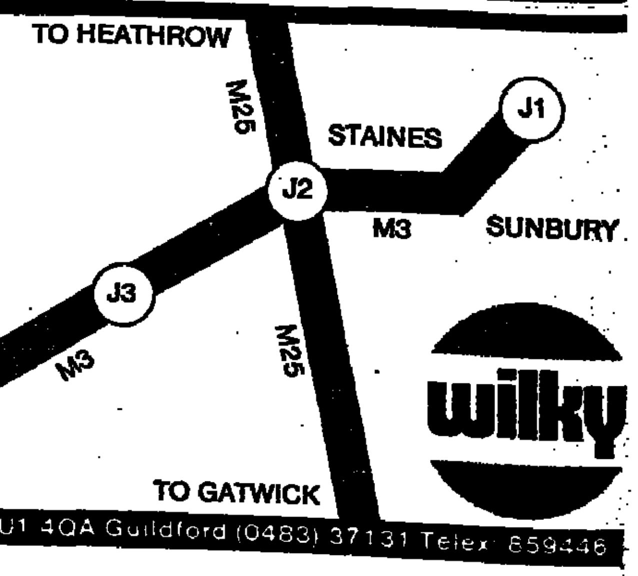

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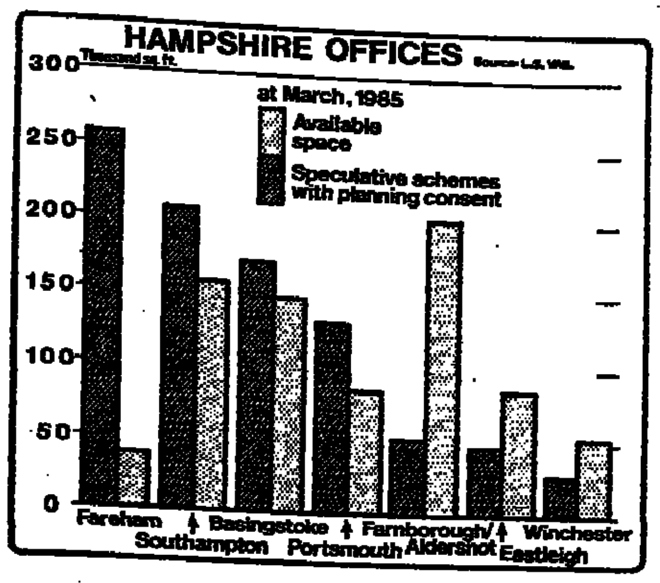


Healthy climate drifts south

THERE HAS been a marked upsurge in the demand for office space since September 1984 in Hampshire and the healthy climate in Basingstoke and the northern part of the county has permeated south to the Solent corridor, according to agents L. S. Vail in their latest survey.

East Hampshire: A 12,200 sq ft scheme is under construction in Alton. This can be let as one unit or divided into six self-contained units ranging from 1,184 sq ft to 3,121 sq ft.

Eastleigh: Eastleigh offers the only unit in Hampshire in the 30,000 to 50,000 sq ft range, but remains unpopular as a strategic office centre.

Fareham: New developments in Fareham continue to have a good letting record, and little new floorspace is available, although there are schemes in the pipeline.

Gosport: Two units in the smallest size range are available but demand remains poor.

Hart: Several schemes are available for letting in the district centred on Fleet, but steady demand has to be proven.

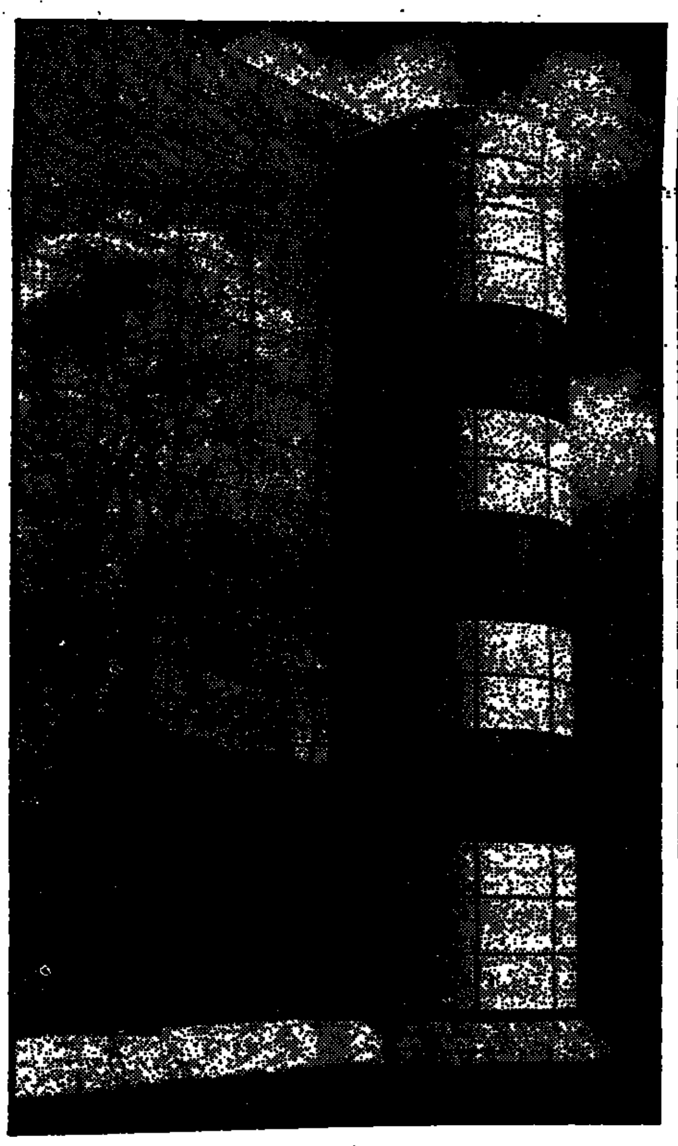
Havant: A pre-let of 10,000 sq ft is required before building will commence on a 30,000 sq ft scheme in the borough.

New Forest: A speculative scheme of 4,000 sq ft in New Milton is nearing completion.

Rushmoor: Farnborough provides the only completed unit of more than 50,000 sq ft in the county. In contrast with Portsmouth, nearly three-quarters of all space available is either new or refurbished, and the structure plan will severely restrict speculative development.

Test Valley: Little has changed in Andover over the past six months although the TSB, a large local employer, will develop for its own use a major site earmarked for speculative development, leaving one small development in the pipeline. Demand remains low.

Winchester: Several new units have been completed recently, with two further developments under construction. This could lead to an oversupply in the 6,000-12,000 sq ft range.



A reflection on the right surroundings

COUNTY & DISTRICT Properties, development division of the Costain Group, is asking a rent of £1.12m for its 86,343 sq ft Concept 2000 office development at Farnborough, (above) almost £13 a sq ft or a premium of about £3 a foot more than the rate in Basingstoke, 14 miles farther down the M3.

Mr Michael Jones, development executive with C & D, says the building has plenty to offer for its premium rating. He points to driving times of four minutes from junction 4 of the M3, 15 minutes from the M3/M25 interchange, 25 minutes from Heathrow and 45 minutes from central London.

The building is striking, with elevations of mirrored glass and set in a 4½ acre landscaped site in the middle of Farnborough. It looks better than those on Basing View, Basingstoke's dormitory office area.

"We put in mirrored glass because we had the right sort of surroundings to reflect," Mr Jones says.

C & D, which has been talking to a major UK company about taking the block for a headquarters, spent £8m on the building contract with Costain Construction. Landscaping accounted for £100,000.

The developer put in 333 parking spaces and spent a lot of money on finishes. The structural silicone-glazed system is a third more efficient than conventional double glazing, Mr Jones says.

"The building is very cheap to run, about 20 per cent cheaper than the average air-conditioned building."

The scheme was funded in-house so C & D, served by letting agents Hillier Parker, Campbell Gordon and Jones Lang Wootton, will be setting its own rules about the terms of the lease. The question is whether it will allow break clauses. Its prime target is an international company, and IBM and Sony have apparently been able to partly impose their views on break clauses in Basingstoke.

Mr Jones will not be drawn on this. But most landlords would have to consider the option these days if both rent and covenants were right.

OFFICES

Spectacular changes as demand rises

IN THE last 18 months there have ben spectacular changes in the main urban office markets of the M3/M27 network. Basingstoke moved from glut to shortage in the larger size bands but the spotlight is spreading to Portsmouth and Southampton, where increased demand is bringing speculative development forward

Basingstoke was neither an overnight, nor an unqualified letting success. Mr Roger Dean, office agency partner at Strutt & Parker, says the town had a bad three years until 1984, as companies which previously had been looking to move out of London decided to stay put.

Strutts had two big prooiems: Gateway One, the 157,000 sq ft former Wiggins Teape building which had been available for three years until it was taken by IBM this year and Belgrave House, the 63,000 sq ft former Snamprogetti premises taken by Sony.

Break clauses had to be accepted—as seemed likely when the international "invasion" was being mooted early in 1984.

"A factor of the U.S. and Japanese markets, office or high tech, is that they like to plan their occupational leases with inbuilt flexibility—so they can leave if necessary in the foreseeable future," Mr Dean says.

Since January 1984, about 430,000 sq ft of space has been taken up in Basingstoke, said Mr Andrew Newman of agents L. S. Vail. IBM accounted for about 310,000 sq ft of that and is now potentially the town's biggest employer.

Life existed beyond IBM, however. Monsanto, Sony and Digital also took speculative space, while Sun Life of Canada and Provident Life absorbed 120,000 sq ft and 80,000 sq ft respectively outside the spec market.

Vails are working as joint agents with Healey & Baker and Knight Frank & Rutley, for the town's next big chunk of speculative space—London & Edinburgh Trust's 133,000 sq ft Churchill Plaza scheme on the bus station site at Churchill Way, which is due to be ready early in 1987.

Supply

A rent substantially more than £12 a sq ft is envisaged for the Plaza, which compared with today's top level of £10.25 in the town. A "substantial" number of users have been quizzed to see what they would want from a top grade building, and this is being collated for inclusion in the design, Mr Newman said.

Wimpey Property is due to start in 1987 on the Wheeler & Ayland site nearby, which could take another 185,000 sq ft. Mr John Vail, the agents' senior partner, calculates that this space, plus another 300,000 sq ft possible on local authority sites in Basing View and some other land, the town could still have another 750,000 sq ft of potential supply.

Portsmouth's office property market is having its most promising period since the early 1970s, according to Mr John Bannell of Hall Pain & Foster.

"In the 1960s the city made positive steps to establish the office market. In the 1960s and early 1970s we saw three new major corporate headquarters—IBM, Zurich Insurance and Schroder Life."

Then came the 1970s property slump. From then until about a year ago oversupply and scarce demand imposed artificially low rents on Portsmouth and ruled new development out. Agents have been talking lately about rents of about £4 a sq ft for refurb space or for floors in a block.

As that empty space is absorbed, new development is under way at asking levels of between £5 and £6 a sq ft. The market is beginning to hope for eventual equilibrium with Southampton, where £7 is the established figure.

Planning permission has been granted for two schemes which could provide 170,000 sq ft in the city centre and up to 120,000 sq ft as part of Arlington Securities' Port Solent scheme on the outskirts.

Vails say that forward lettings at £6 a foot have been negotiated for Leading Commercial Holdings' 27,500 sq ft development on the Hippodrome site near Guildhall Square in the heart of the city. This development will be completed in the autumn.

Adventure

Central Southampton has seen a strong take-up of vacant space in the past year, stimulating development interest. Taylor Woodrow's Nelson Gate building has a 65,000 sq ft extension under way and other schemes with planning consent include 100,000 sq ft in Charlotte Place.

However, the real sense of adventure seems to be on the edge of out of town. Capital & Counties has been granted consent for 170,000 sq ft of campus offices on Hampshire Corporate Park at Chandlers Ford, and Vails say negotiations for prelettings of the bulk of the space have reached an advanced stage.

Mr Tony Murley, of Suttons, says his firm has been working for more than three years on the Dock Gate 20 scheme at the bottom of the M271 spur. The inclusion of a 180,000 sq ft office tower in a 56-acre business park aimed at service industries is not just for show.

"We and our client, AB Ports, are hoping for an oil company for the tower," he says.

The city fathers, once very much against car parking for office users, are now much more realistic, says Mr Simon Neilson of Hall Pain & Foster. Perhaps they have to be when planning permission for nearly 600,000 sq ft of office space is still not nudging developers into action.

By comparison LET is planning 454 spaces for its 133,000 sq ft in Basingstoke, a ratio of 1:271, while Strutt & Parker and Vails researched an optimum figure of 1:200, or nearly one space per employee.

More office space is rising in out-of-town locations. Arlington Securities' £200m Solent Business Park, on 150 acres at junction nine of the M27 near Fareham, has attracted the IBM United Kingdom Pensions Trust as funding partner for any mix of office, research and light production space chosen.

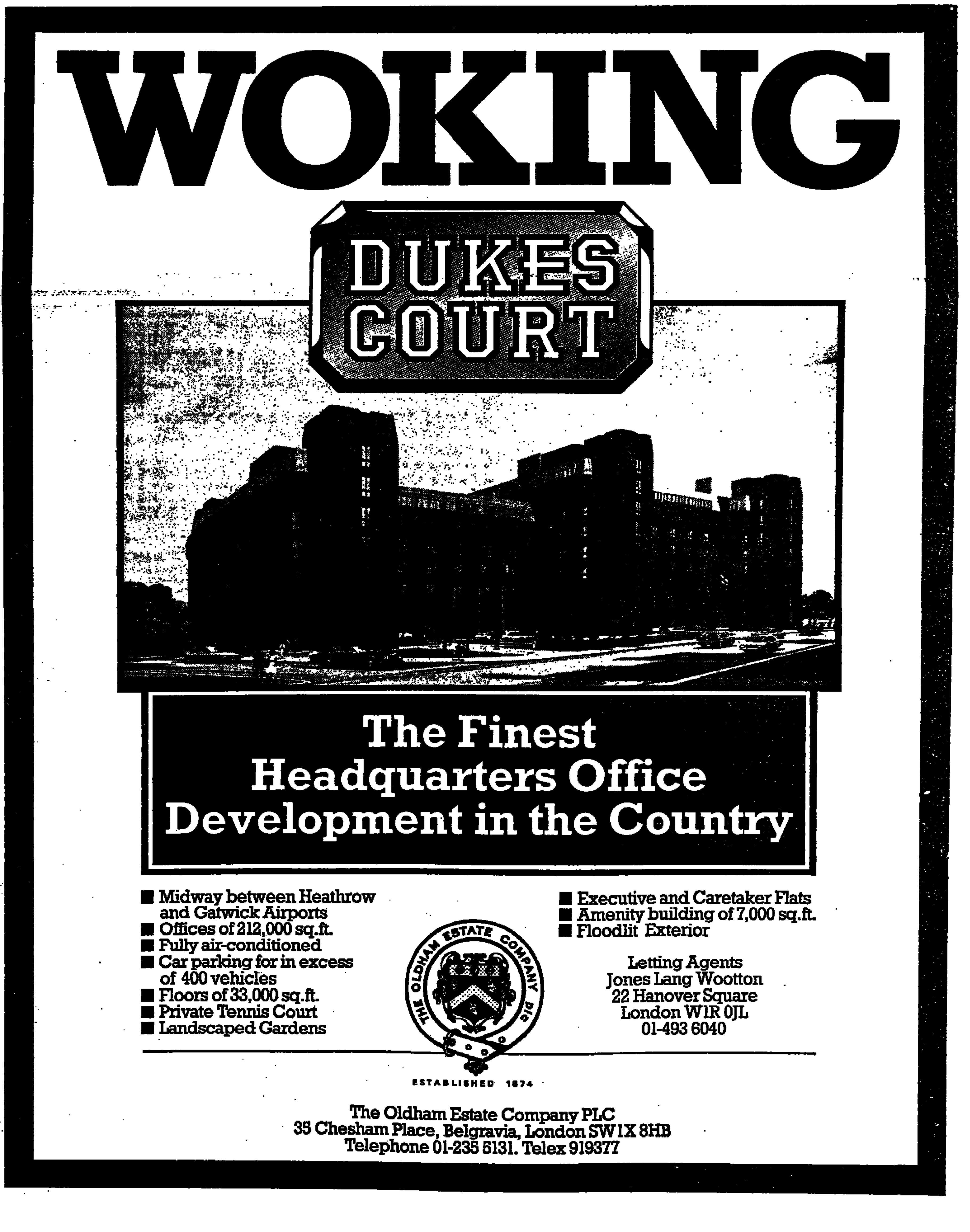
A 31-acre site to be named Speedfields at Newgate Lane, Fareham, could take 30 per cent of pure offices, in addition to office space ancillary to light industrial and warehouse units. At £180,000 an acre, parking is a relatively viable proposition. Young & White are acting for clients with Fareham Council.

Equitable Life Assurance has asked for planning permission on a 4½-acre site fronting the Reading Road roundabout at Daneshill, Basingstoke. It wants 75,000 sq ft of office, industrial and warehouse accommodation, car parking, and landscaping. Walker Son & Packman is handling the project.

Parking

In Eastleigh's suburban setting, joint agents Hartnell Taylor Cook and Myddelton & Major are talking to two U.S. companies about Site Improvement's 25,000 sq ft development called Beacon 27, which has 85 parking spaces. They are asking a rent of £6.75 a sq ft, fractionally short of the central city level.

It did not take motorways to draw retail property out of town — but they have accelerated the process. Developers and investors might find it worth considering whether similar arguments will apply to offices, their rental growth and their investment status in the long run.



PROFILE: SHERFIELD INVESTMENTS

Inside the corporate mind

A REPUTATION as a pioneer of high-tech development has been built up by Sherfield Investments. Yet it has been just as comfortable with traditional office construction, the campus/historic house genre, and even the conversion of a London Electricity sub-station on the borders of Lambeth and Kennington.

These developments have been remarkably individual. The nearest thing to high-class Leggo is the Intec Basingstoke development for which Sherfield is best known, but Intec is by no means based on a formula approach to the market.

Sherfield was founded in 1979 by solicitors Mr Barrie Munn, the managing director, and Mr Richard Francis, the chairman, a retired dentist and local businessman. Their approach to development was bound to be different to the general scene.

Mr Munn says that he has seen a relationship between building, location and value. "When, as a lawyer, I worked for Digital, I got a view of the corporate tenant mind. Not necessarily high-tech companies but businesses with clear structural thinking."

These were partly new forces, often foreign ones, which would not be satisfied with the old "location, location and location" as the three main rules for the property business.

He saw the power of marketing and the presence of the individual as prime factors influencing corporate decisions. His attempt to get into the corporate mind led him into the relationship between the M4—established as a property hot spot—and the M3

"What motivates the contemporary corporate employer is the quality of people they can attract into the business," he says. "What strikes me is how it follows cheap housing which would attract the young university graduate with no capital."

He saw modern business moving west of London, clustering around Reading, then moving further west. At that time they did not move south. Now that they have done so, he sees development also moving north to the M25 — creating a circle of housing, potential employees and communications — and south to the M27.

"Winchester is awkward," he says. "It has attractions, but it is expensive." Along the M27, on the other hand, in Romsey, Fareham, He'ge End, and Portsmouth is an oasis for development.

Defence

"You have to look at the very precise qualities of parcels of land, at local industries and their relation to defence spending, at Southampton University, the Chilworth Research Park, Portsmouth Technical College, and cheap housing."

Heathrow is not as important as it was, he says. Foreigners are now more interested in where they stay in this country than how fast they can get in and out.

The Intec development in Basingstoke comprises a family of five buildings in 13 acres. These provide 180,000 sq ft with 600 parking spaces, close to junction 6 of the M3. Royal Life, the funder, has purchased part of the development for its own portfolio, and discussions are in hand for the institution to buy the remainer. Mr Munn says.

Tenants like Telematics International, the UK subsidiary of Telematics of Florida, tend to be in knowledge-based industries.

Sherfield deals for the tenants with planning, internal space design, break clauses with Royal Life and general customer support.

"It varies between the tenant's need to move or whether the building is working for him," Mr Munn says. "We found, for example, a substantial heat gain problem, but we are dealing with that via air handling."

The main highlight of the past year or so was the market acceptance of the arguments which Sherfield had been putting forward for the past three years.

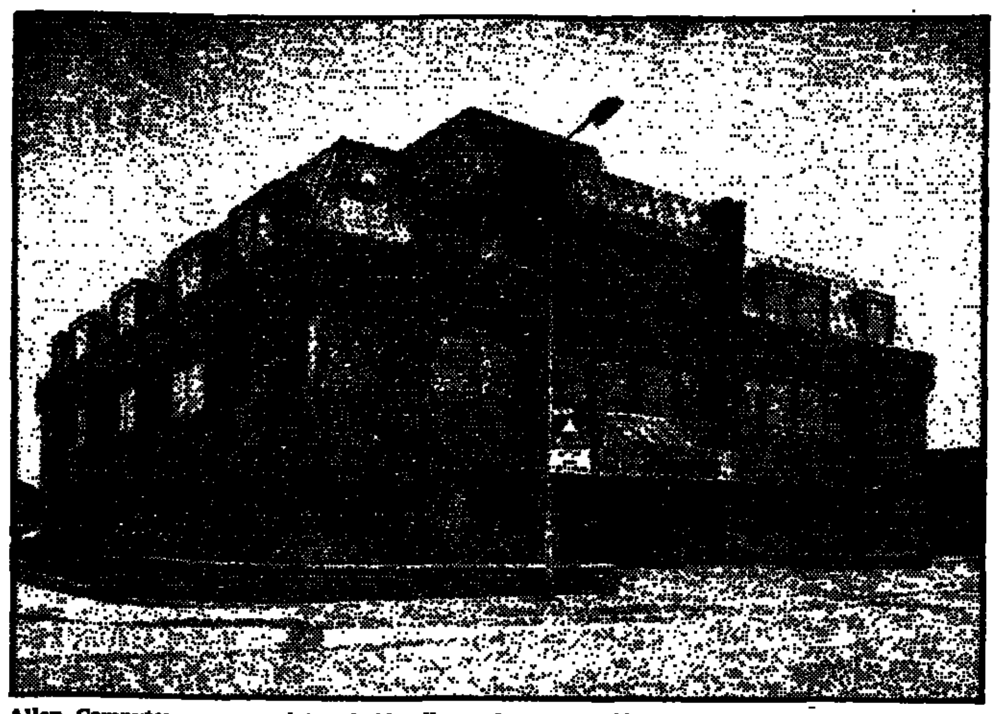
"We have had an exceptional letting programme," Mr Munn says. "When we started 18 months ago, Basingstoke had approximately 800,000 sq ft of unlet space. We have let, or have under active negotiation, 140,000 sq ft in the past 14 months." Joint agents are St Quintin, Charles Price Rantor, and Pearsons.

Dogmersfield Park, near Hartley Witney, was constructed in accordance with the Orbit report recommendations on the modern office.

The development lies between Camberley and Basingstoke, set in 23 acres of parkland with an historic walled garden, and a listed Georgian building as the centrepiece. The scheme, 80,000 sq ft when complete, has been sold to Amdahl, the U.S. computer manufacturer, as its European headquarters.

"We have established a major relationship with Amdahl, which is a thorough recommendation to a clutch of Silicon Valley prospects," Mr Munn says.

Sherfield has a £25m development programme with schemes under negotiation amounting to £75m in completed investment value—representing two years' work.



Allen Computers, an associate of Aircall, pre-leased 15,000 sq ft of offices in an Egham, Surrey, scheme which included a new rail station. James Longley, the builder, internally funded the £1m-plus contract until completion. St James's Street Estates, developer with BR Property Board, pre-sold the ground lease to Wellcome Foundation

THE PLANNERS

Taking on a direct role

ALONG THE eastern stretches of the M4, county and local authority planners frequently have to fight off excess development. The northern end of the M3 is moving in that direction, but at both county and local level, the attitude in Hampshire still tends to be constructive.

Mr Derek Drew, of Hampshire County Council estates department, talks about direct involvement rather than structure plans and the like.

In Basingstoke the county decided in the 1970s to create a land bank of about 600 acres at Chineham, 2½ miles from the town centre five minutes from the M3 and 15 minutes from the M4. It is the largest landowner within a total plan area of 1,200 acres.

Mr Drew expects Chineham to house about 12,000 people in a series of developments to be completed in the early 1990s.

"We have created a series of villages, of between one acre to just over 10 acres as well as a local centre with a corner shop, a doctor's surgery, pub and a community hall centred on Grade II listed barns," he says.

Taylor Woodrow Property in partnership with the county has provided a 55,000 sq ft Tesco superstore, about 100,000 sq ft of other shopping and some offices with access to the A33 Reading road.

"We put in a public library as the focus of the scheme," he says, apparently unaware that shopping professionals have only latched on to this sort of idea very recently. "We completed in 1983 and everything was let by day one."

Daneshill Court, a campus development, was created when the council sold a Lutyens house in 10 acres to Royal London Mutual, which subsequently let the scheme to Monsanto.

"We have established a policy of upgrading development within the county," Mr Drew says. "We have taken further initiatives a Fareham, Romsey and Bordon."

Occupation

At Segensworth in the Western Wards area of Fareham, the county council put £2.7m into the first phase of a 65-acre scheme, putting in services and financing the construction of 28 factories. Hall Pain and Foster are marketing the land with the County estates officer.

The development has attracted GUS, Makro, Palmer and Harvey and Bettis as major space users. A 45-acre phase is also on the way, aimed at medium-sized businesses which want to develop for their own occupation.

Mr Drew is particularly excited about Kites Croft, off Junction 9 of the M27, where the county owns a 33½-acre site.

"We have outline planning consent for 250,000 sq ft of campus offices—r and d and laboratories. Some high-tech could be included," he says. "We are looking for a single owner-occupier but we will consider t 70,000 sq ft and upwards. The scheme could be increased to 350,000 sq ft without prejudicing the campus concept."

The aim is to attract computers, insurance and electronics. The scheme will not be built speculatively: the council, working with agent Jones Lang Wootton, will either sell freehold or grant a long ground lease to prospective purchasers.

Mr Drew emphasises the environmental attractions of the site with sea, country, Downs and forest within a half-hour drive. There are also proposals for 5,000 houses to be built within a three mile radius.

Southampton has to face the fact that some of the city is shabby. It has also had to learn to live with the loss of its cross-channel ferry trade, as operators decided not to lose time and money by steaming up the Solent, and moved to Portsmouth.

High-tech

But on the positive side the city has seen extensive improvements in the road network. The M27 link round the north of the city was completed last year and connects to the M271, which provides direct access into the western part of the city and central area.

"The M3's extension south to link with the M27 will enhance the first-class communications between Southampton and London, the Midlands and the North, says Mr Don Wark, city planning officer. "The 'Swaythling Link' to bring this traffic into the north of the city should be finished by the end of 1986 and improvements are also committed for the city's road network."

Southampton is committed to creating an industrial base, and 300 new units have been taken up in the city in five years, he says. It is also making land available, such as the 56 acres at Dock Gate 20 at the western end of the docks system approved for development as a high-tech business park.

Princess Alexandra Dock, at the eastern end of the Docks estate, also has a recent planning permission which includes 130,000 sq ft of high-tech and offices and a 350-berth marina, waterfront leisure centre, housing and public waterside areas.

Work has started on the Chilworth Research park to the north of the city, where there are hopes for turning Southampton University's electronics expertise into industrial propositions.

Southampton's freeport status has yet to show much in the way of results. But Mr Wark mentions the availability of 1.2m sq ft; some 230,000 sq ft of new retailing propositions, and more than 500,000 sq ft of potential office floorspace with permission in the city centre. Office rents have risen by 50 per cent in two years.

In addition to the Princess Alexandra Dock marina, Associated British Ports has selected a developer for a scheme south of the High Street at Town Quay, comprising a 400 berth marina, leisure and commercial use and housing.

"Proposals for two large marinas reflect both the congestion within the Solent and an easing of restrictions on use of the Rivers Test and Iitchen," Mr Wark says.

"Southampton is well placed to obtain a very much stronger share of the marine leisure market as demand increases. With imaginative management, these two marinas could become major attractions for foreign and British touring yachts as well as an assembly point for long-distance international yachting events, bringing increased trade and tourism."

SURREY RESEARCH PARK

Commitment by an academic entrepreneur

DEMAND for units on the Surrey University Research Park in Guildford has staggered the agents letting the space.

"We knew that there was a big pool of R & D companies in the area, but we didn't know how keen they would be to leave offices above shops, or laboratory units on industrial estates," said Mr Andrew Heselgrave, of Strutt & Parker.

Big companies are now involved in the 70-acre site. BOC has taken about 10 acres via a ground lease for a 110,000 sq ft development and executive centre. Grand Metropolitan is due to launch an 18,000 sq ft innovation centre on two acres. BP has taken 13,000 sq ft for an occupational health centre, a particular strength of the university's research effort, according to Mr Heselgrave.

But the university also wanted companies which were trading their R & D rather than the research arms of big groups. Experience suggests it is going to get them.

Strutts, as marketing advisors, said in April that a local technology company was the first to sign for the university's own direct development, the 38,000 sq ft Chancellor Court. The development of five buildings on some four acres is 80 per cent let with pre-letting running about 10 months ahead of phased completion. The final building is under negotiation with tenants.

So the team is now thinking about the second phase of 180,000 sq ft on 16 acres. That will involve 50,000 sq ft in two 25,000 sq ft buildings aimed at occupiers of 1,000, 2,000 and 3,000 sq ft. A mix of buildings between 9,000 sq ft and 30,000 sq ft will take up the rest.

The low site cover, landscaping, good environment and car parking at the research park are shared with most rural and many semi-rural locations. The special university-linked facilities of computing, conference facilities and staff training could also probably be found elsewhere.

However, Surrey is also offering a 300,000-volume library — mainly relating to science and technology — and its own skills in satellite technology, engineering, biotechnology, industrial electronics, microstructural studies, toxicology, and material science.

Many science park projects have paid little more than lip service to the concept of the academic entrepreneur. At Guildford, however, there seems to be a sense of commitment.

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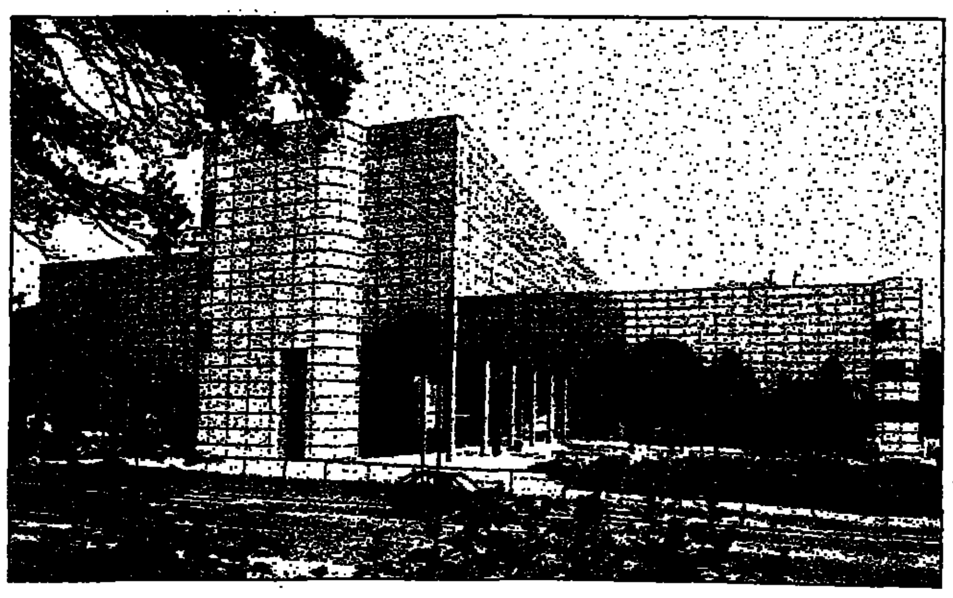

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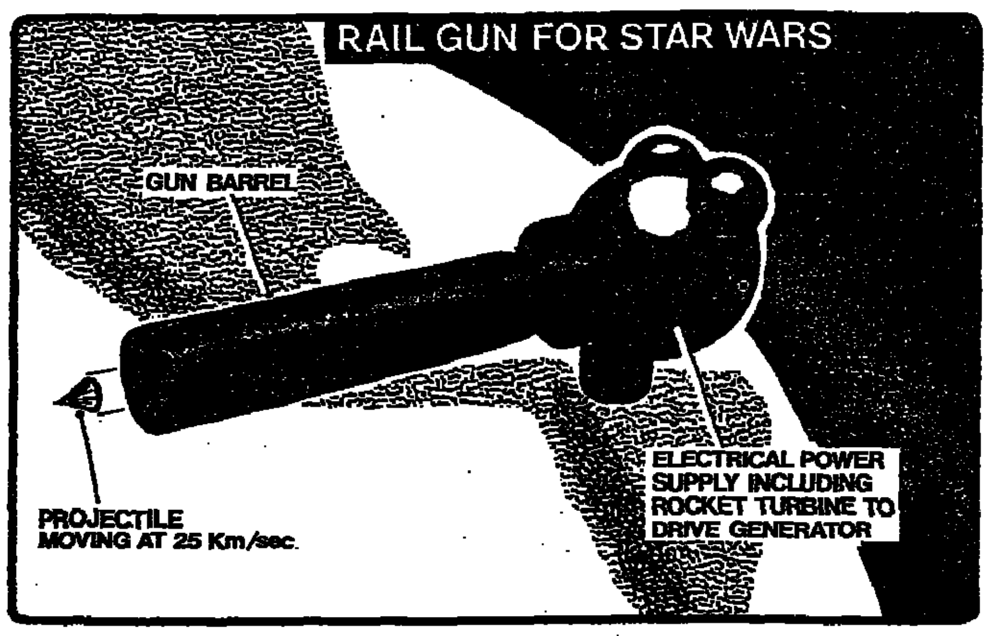
TECHNOLOGY

EDITED BY ALAN CANE

Giant electric gun in the Star Wars armoury

Science fiction-style space weapons may be only five years away, reports Peter Marsh



An artist's impression of the rail gun

THE U.S. has plans to develop for its Star Wars programme weapons which shoot plastic bullets out of gun barrels 100 metres long some 2,000 km above the Earth at up to 75 times the speed of sound.

The work could produce by-products such as new techniques to store electrical energy and to channel high currents to industrial processes for welding and smelting metals.

The weapons, known as rail guns, use electromagnetic forces to propel the bullets, which could be small lumps of plastic of about 2 kg, to speeds of up to 25 km a second, three times faster than conventional missiles powered by rocket engines.

The electromagnetic forces would be set up in parallel rails running the length of the barrel, and would be induced by high currents of 1m to 2m amps, produced by devices known as hamopolar generators—powered by nuclear reactors or rocket motors (see right).

The first homopolar generator produced by Mr Michael Faraday, the British scientist, in the last century. Now they are being developed in various institutes for industrial use where high currents are required.

Defence planners have turned to rail guns because of their potential for accelerating particles at high speeds. Speed is essential because the rail guns, of which about 100 would be needed to defend the U.S. from Soviet misiles, would have to hit their targets in a few minutes.

The rail guns would go into action after sensors on surveillance satellites had detected the exhaust plumes of missiles rising from launch pads in the Soviet Union. The satellites would send instructions to the rail guns to shoot down the missiles before they split into separate warheads about four minutes after launch.

If the rail guns were 2,000 km above the Earth, a bullet speed of 20 km a second would mean, in theory, they could hit their targets in a little over a minute.

According to defence experts, each rail gun would need to fire about four shots to be sure of hitting one missile. Assuming all 1,400 intercontinental missiles in the USSR's land-based armoury were fired at once, the 100 rail guns would be caled upon to fire roughly 50 shots each to mop up all the missiles in this first stage of their flight, called the boost phase.

After this phase, each missile splits into perhaps 10 separately powered warheads, which makes the task of destruction much more difficult.

Rail guns have come to the fore in the Star Wars project, formally called the Strategic Defence Initiative, on which the Pentagon plans to spend $26bn in research over the next five years.

They would be easier to build and operate than laser weapons. The latter would be desirable in the long term because they could function much faster, destroying missiles at the speed of light, or 300,000 km a second.

Conventional rocket-powered missiles are ruled out because of their relatively low speeds.

Leading centres in rail gun work in the U.S. include the University of Texas at Austin, which in January fired a laboratory rail gun at 40 km a second and at LTV, a company in Dallas which has two of the weapons under development.

Dr Mike Tower, a project manager at LTV, said an operational rail gun system was still at least five years away. Problems include the provision of the high pulses of electricity needed and of making projectiles that can withstand the very high accelerations (100,000 times or more the acceleration of gravity on the earth's surface) as they rush down the rail gun's barrel.

How rail guns work

A RAIL gun in orbit 2,000 km above the Earth would use a range of devices first to turn mechanical energy into electricity and then to convert this electrical power back into a mechanical force.

This protracted arrangement is required because the electricity required for the gun must be at a very high current of 1m to 2m amps. The way to produce electricity in this form is by a homopolar generator, a disc similar to a flywheel that rotates while subjected to the forces of an electromagnet.

In this way, rotational energy (produced either by a small nuclear reactor or a turbine driven by rocket fuel) is converted into high electrical currents at a low voltage.

The current would then be fed by a series of switches in short pulses to two rails made from a conductor such as copper. The rails run the length of the gun barrel in parallel.

A projectile, made largely of plastic but including a strip of metal, would sit in the barrel and provide a conducting path between the two rails. As a result of the rapid pulse of electricity sent in opposite directions along the axis of the gun—along one rail and then the other—the projectile would be forced out of the barrel at a high speed.

To provide the necessary acceleration, the rails could be up to 100 metres long. Westinghouse researchers in Pittsburgh have fired 500 gm bullets in the laboratory at about 4 km a second. LTV, a company in Dallas, has shot particles weighing about 20 grams at twice this speed.

The ultimate aim is to reach speeds of about 25 km a second with a projectile of about 2 kg. The University of Texas in Austin achieved a speed of 40 km a second, but this was using a projectile of very low mass—a mixture of ionised gases known as a plasma.

A major difficulty is in producing electrical switches that will operate reliably at high currents. Engineers may need to cool the conductors used in such switches to very low temperatures, near to absolute zero or −273 deg C, at which resistance to the flow of current is greatly reduced.

Any operational rail gun for deployment in space would need its own rocket boosters to keep it in the correct position for accurate aiming. The boosters would need to propel the gun forward in synchronisation with the burst of bullets from the barrel to take into account recoil.

In Britain, International Research and Development, a contract-research company in Newcastle upon Tyne and a subsidiary of NEI, the engineering group, is designing homopolar generators for rail guns.

Although the British work is aimed at producing rail guns for conventional military vehicles such as tanks and ships, the U.S. Strategic Defence Initiative Organisation is interested in involving the UK organisation in work to produce space weapons.

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BT boosts international capacity

BRITISH TELECOM is introducing a new satellite dish at Goonhilly Downs which can operate in four frequency bands.

Combined with new sophisticated transmission technology it will give BT the ability to quadruple the number of calls handled and improve the quality of service.

The new transmission technology — time division multiple access and digital speech interpolation — sends information in separate bursts with each burst allocated its own time slot on one frequency.

The system allows more calls to be handled because during a telephone conversation each person is silent for about two-thirds of the time. Bursts of other conversations are inserted into the silences.

Mr Anthony Booth, managing director of British Telecom International, said yesterday the new antenna and transmission techniques would enable BTI to meet expanding demand for international services in the foreseeable future.

Tender care at hospitals

HOSPITALS may be able to manage laundry and catering better using computer programs developed by Logica which can run on ICL computers. With the programs, financial staff can work out details of tenders.

The Tender Letting Controller (TLC) software has been given a seal of approval from the Chartered Institute of Public Finance Administration.

Hard sell . . .

TRI-KEM of Wellingborough is trying to sell a new nickel-plating process based on giving a high degree of hardness with high reflectivity on the plated surface.

Steps along the difficult road to parallel computing

Alan Cane on attempts at faster processing

EVERYBODY in data processing wants better performance from their computers but nobody is prepared for the revolution it will take to get it. This is one reason why, although there is general agreement that the commercial computer of the future will consist of a number of processing units bound together and working in parallel for greater efficiency, the most exotic designs are still on the drawing board.

These designs—the "data flow" computer, which waits to carry out a computation until all the input data derised from other calculations has been collected together, the Inmos transputer which has its own programming language, Occam, or the "inference engines" now being created in Japanese laboratories—are all revolutionary in the sense that they are not designed to use today's commercial software.

So great is the investment in conventional data processing software that revolutionary designs are positively unwelcome.

Manufacturers are nevertheless ploughing ahead with designs for computers with more than one processor, although for the moment they are taking care that their new designs are compatible with existing software. IBM's new 30/90 family of big machines, for example, couple together two or more processors yet run all the company's existing commercial big machine software.

The problem with such systems is that they obey the law of diminishing returns. Each processor added to the system adds only 80 per cent of the power of the processor previously added.

In other words, maximum effective computing power is reached after only five processors have been coupled together.

A small Portland, Oregon, computer company backed by, among others, Hambrecht and Quist and Tektronics reckons to have designed a multiple processor system that costs as little as $100,000 yet allows eight or a dozen pipcessors to be coupled together without diminished performance and offers true parallel computing.

It will run programs written in the "scientific" programming language, Fortran, Pascal and C, and the company is already looking at Ada, the U.S. Department of Defense real time programming languages.

The company has already built some 70 systems and its customers include Ampex, Hughes Aircraft and NASA.

Mr Karl C. Powell, Sequent's president, believes the company's business success is rooted in its decision to exploit a particular niche—the market for high speed information processing equipment for the engineering and technology-based industries.

Sequent sells its computer to other manufacturers to incorporate into their own equipment.

Its technological success is based on a novel design the company calls scalable processor pool architecture. That means there is a pool of processors (very powerful National Semiconductor 32032 chips, each roughly the power of a large minicomputer) each equivalent to each other and connected by a high speed information highway.

There is a queue of jobs to be carried out stored in the memory of the computer; these are shared out between the processors so that up to a dozen separate tasks are being computed on a dozen processors simultaneously.

However, Sequent admits that the principal disadvantage of this approach is that it is difficult to implement. "The operating system must be designed to ensure that mutual. access to the shared memory is properly synchronised, and the hardware must be balanced to minimise competition between the processors," says Mr Powell.

On the other hand the advantages include the fact that no single processor can limit the performance of the overall system and that the pool of processors work as a team under all conditions to maximise the overall performance

Mr Powell says that fault tolerance is not built into his systems and that none of the 500 or so processors out in the field have yet failed.

Sequent computers are not yet the parallel processing machines forecast by the industry gurus because the way in which a task is split up between the processors has to be programmed in to begin with. But they seem to be a long way down the road.

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YACHTHARBOUR PROJECT, Cartagena/Alicante, Spain. Promotor seeks developer for harbour and Apart-Hotel on unencumbered land with planning concept. GAV, Ledererstr. 2 8000, Munich 2, FRG.

Appointments

ACCOUNT EXECUTIVE
Futures Account Executive, with at least six years' relevant forex experience is required by leading international investment group for London based commodity office to participate in development of foreign exchange business. Applicants must have strong business and social connections with Middle East and expatriate Egyptian community. Age mid 30's, educated to degree standard, and fluency in French and Arabic in addition to English essential. Base salary circa U.S.$20,000.
Please write in strictest confidence, enclosing curriculum vitae to Box A9041, Financial Times, 10 Cannon Street, London EC4P 4BY

Company Notices

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 01 05309 06
NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER
PAYMENT OF COUPON No. 103
With reference to the notice of declaration of dividend advertised in the Press on 4th June, 1985, the following information is published for the guidance of holders of share warrants to bearer.
The dividend of 100 cents per share was declared in South African currency. South African non-resident shareholders' tax at 13.884 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 86.116 cents per share.
The dividend on bearer shares will be paid on or after 6th August, 1985 against surrender of coupon No. 103 detached from share warrants to bearer as under:
(a) At the offices of the following continental paying agents:
Credit du Nord, 6-8 Boulevard Haussmann, 75009 Paris
Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels
Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels
Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle
Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich
Banque Internationale a Luxembourg S.A., 2 Boulevard Royal, Luxembourg
Banque Generale du Luxembourg S.A., 14 rue Aldringen, 1118 Luxembourg
Payment in respect of coupons lodged at the office of a continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the continental paying agent concerned.
(b) At the Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London, EC2P 2LX. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:
(i) in respect of coupons lodged on or prior to 30th July, 1985 at the United Kingdom currency equivalent of the rand currency value of their dividend on 1st July, 1985 or;
(ii) in respect of coupons lodged after 30th July, 1985 at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the Securities Department of Hill Samuel & Co. Limited.
Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.
United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the Securities Department of Hill Samuel & Co. Limited, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 70 cents per share in terms of sub paragraph (b) above arrived at as follows:

	South African Currency Cents Per Share
Amount of dividend declared	100.000
Less: South African non-resident Shareholders' tax at 13.884%	13.884
	86.116
Less: U.K. income tax at 16.116% of the gross amount of the dividend of 100 cents	16.116
	70.000

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
J. C. Greensmith
London Office: 40 Holborn Viaduct London EC1P 1AJ
14th June 1985
NOTE:
The Company has been requested by the Commissioners of Inland Revenue to state:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 16.116% instead of the basic rate of 30% represents an allowance of credit at the rate of 13.884%.
AAC

GOLD FIELDS OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)
CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES
DECLARATION OF DIVIDEND
Dividend No. 2 of 145 cents per preference share for the six months ending 30 June 1985 has today been declared in South African currency, payable to preference shareholders registered in the books of the company at the close of business on 28 June 1985.
Warrants will be posted to preference shareholders on or about 6 August 1985.
Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.
Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 28 June 1985 in accordance with the abovementioned conditions.
The register of members of the company will be closed from 29 June to 5 July 1985, inclusive.
By order of the board.
per pro CONSOLIDATED GOLD FIELDS PLC. London Secretaries.
Mrs. G. M. A. Gledhill, Secretary.
United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.
London Office: 49 Moorgate, London EC2R 6BQ.
13 June 1985.

C. ITOH & CO., LTD.
To the Holders of the Bearer Depositary Receipts
Notice is hereby given that the 61st General Meeting of Shareholders of C. Itoh & Co., Ltd. will be held at 10.00 a.m. on 28th June, 1985, at the Head Office of the Company located at 68, Kitakyutaro-Machi 4-Chome, Higashi-Ku, Osaka, Japan. Notice of convocation of the meeting is available at the Stock Counter, Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA and Banque Internationale à Luxembourg S.A., 2, Boulevard Royal, Luxembourg.
Business Operations and Results for the 1984/1985 Fiscal Year (ended 31st March, 1985)
Japan's overall economy has expanded steadily in the past two years. Strong exports supported business recovery, and private sector investments in plant and equipment increased. Prices, however, remained stable.
There was only belated and slight improvement in individual consumption and performance of construction industries. Merchandise transactions remained at a low level, both inside and outside of Japan.
The rapid increase of exports to the U.S.A. ran up a massive trade account surplus, resulting in the severest trade friction to date. Nonetheless, the U.S. economy maintained its solid expansion, supported by increased investments in plant and equipment and stable and personal consumption.
In contrast, the high U.S. dollar had a negative impact on the international competitiveness of U.S. agricultural and manufactured products. The solution clearly lay in reducing the budget deficit and bringing high interest rates down.
Although prices in the Western industrialised world were stable and the export environment brightened, recovery was unevenly spread, and unemployment remained high.
Asian developing nations enjoyed expanded export to industrialized nations, particularly the U.S.A. However, accumulated foreign debt problems still burdened some nations, and many faced low prices for their agricultural and other export commodities.
We strove to improve results and achieve higher management efficiency under our profit first programme, and improve our ability to manage the broadening range of activities engaged in by Sogo Shosha. We accelerated our involvement in high technology transactions such as information and communications, and further integrated our operating groups for greater consolidated strength.
Total trading transactions rose 8.4% to 14,077.20 billion yen. Particularly strong growth was seen in machinery exports and offshore crude oil transactions. Growth was also registered in domestic textile and steel transactions, and imports of nonferrous metals, coal and iron ore. Gross trading profit increased 11.4 billion yen to 193.2 billion yen. Income before income tax and extraordinary items rose 9.0 billion yen to 40.0 billion yen.
Net income grew 2.0 billion yen to 5.4 billion yen, despite losses of 35.3 billion yen associated with the cancellation of refining consignments and related obligations to Toa Oil Co., Ltd.
Since 1980, we have participated in the consignment by Kyodo Oil Co., Ltd. of crude oil for refining by Toa Oil Co., Ltd. A series of negotiations during the year with Showa Shell Oil Co., Ltd., Toa Oil and Kyodo Oil led to an agreement whereby C. Itoh will cancel all Toa Oil-related obligations.
That cancellation involves a loss of 22.8 billion yen, including an 11.0 billion yen charge for cancelling the consignment contract.
We sincerely apologize to our shareholders for any inconvenience occasioned by this problem. After careful consideration, we raised the year-ended dividend to 3.50 yen per share which, together with the dividend of 1.50 yen for the six-month period ended 30th September, 1984, resulted in dividends of 5.00 yen per share for the year.
Annual Report for the 1984/1985 fiscal year will be available at Hambros Bank Limited and Banque Internationale à Luxembourg S.A., by the end of July, 1985.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN
STAR MFG. CO., LTD.
Further to our notice of February 25, 1985, EDR holders are informed that Star Mfg. has paid a dividend to holders of record February 28, 1985. The cash dividend payable is Yen 3.75 per Common Stock or Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.
EDR holders may now present Coupon No. 4 for payment to the undermentioned agents.
Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after September 30, 1985.
Amounts payable in respect of current dividends.
Coupon No. 4

EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$15.00	$12.75	$12.00

Further to the notice of February 25, 1985 concerning the free distribution of shares (1 new for each 5 old), EDR holders are informed that the new shares are now available for delivery and should be claimed by presenting Coupon No. 5 to the Depositary or the Agent. EDRs will only be issued in Authorised Denominations of 1,000 shares, therefore any EDR holder not able to present coupons making-up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars pursuant to Condition 5 of the Terms and Conditions.
Depositary: Citibank, N.A., 336 Strand, London WC2R 1HB.
Agent: Citicorp Bank (Luxembourg) S.A., 16 Avenue Marie Therese.
June 14, 1985

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
14	15	16	17	18	19	20

Theatre

NETHERLANDS

Amsterdam, Stalhouderij (Berste Bloemdwarsstraat 4). A solo double bill from Barbara McEly in French Gray by Josef Bush (Marie Antoinette's meditations on the night before she goes to the guillotine), and Chekhov's No Smoking (Wed to Sat). (26 22 82).

Amsterdam, Stadsschouwburg. Chinese puppet theatre (Fri, Sat). (24 23 11).

RA by R. Murray Schafer, directed by Thom Sokoloski, a theatrical journey (literally) from dusk to dawn based on the ritual of the Egyptian sun god. Starts in Amsterdam, Ijsbreker (Weesperzijde 23), by bus to Leiden, where the performance begins at sunset (Mon to Thur). (68 18 05).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a *field* day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

CHICAGO

Six Characters in Search of an Author (Goodman): Robert Brustein brings his acclaimed American Repertory Theatre to Chicago for this Pirandello classic. Ends July 14 (443 3800).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

Music

LONDON

London Philharmonic Orchestra and Brighton Festival Chorus conducted by André Previn and Pinchas Zukerman, violin. Jacob Druckman, Mendelssohn and Ravel. Royal Festival Hall (Mon). (928 3191).

National Youth Jazz Orchestra conducted by Bill Ashton and Paul Hart. Queen Elizabeth Hall (Mon). (928 3191)

Pinchas Zukerman and Marc Neikrug, violin and piano. Beethoven, Prokofiev and Latoslawski. Royal Festival Hall (Tue).

Chamber Orchestra of London and Tallis Chamber Choir conducted by Philip Simms. Mozart. Barbican Hall (Tue). (638 8891).

Royal Philharmonic Orchestra conducted by André Previn with Vladimir Ashkenazy, piano. Brahms, Beethoven and Walton. Royal Festival Hall (Wed).

Royal Philharmonic Orchestra conducted by André Previn with Pinchas Zukerman, violin and Yo Yo Ma, Cello. Brahms and Prokofiev. Royal Festival Hall (Thur).

London Symphony Orchestra conducted by Barry Tuckwell, horn, with Oleg Maisenberg, piano. Wagner, Mozart, Beethoven, R. Strauss. Barbican Hall (Thur).

PARIS

Orchéstre National de France conducted by Wolfgang Sawallisch: Beethoven's Missa Solemnis (Mon). Saint-Denis Basilica, Metro Saint-Denis (524 1516).

Orchéstre Philharmonique de Strasbourg conducted by Theodor Guschlbauer, Alexis Weissenberg, piano: Brahms, Roussel (Mon). TMP-Châtelet (233 0000).

Julia Varady, recital, Helena Bachkirova, piano (Mon) Théâtre de l'Athénée (742 6727).

Radu Lupu, piano: Beethoven, Schumann (Tue). Théâtre des Champs Elysées (723 4777).

ITALY

Rome: Auditorium of Via della Conciliazione: Zubin Mehta conducting the New York Philharmonic Orchestra im Mahler. (654.1044).

Milan: Teatro Alla Scala: New York Philharmonic conducted by Zubin Mehta, Georges Crumb's A Haunted Landscape, Dvořák, Ravel and Mozart (80.91.26)

Florence: (Maggic Musicale): Teatro Commnale: Zubin Mehta with the New York Philharmonic playing Bach, Druckman and Strauss (Mon). On Tuesday Christian Badea conducting the Orchestra of the Maggio Musicale, Scarlatti. Dallapiccola, Wagner and Strauss (27.79.236)

NETHERLANDS

Amsterdam, Concertgebouw, Ivo Pogorelich, piano. Schumann, Prokofiev, Chopin (Mon). Mauricio Kagel's Die Mutation from the Radio Philharmonic Orchestra and the Broadcasting Choir and Chamber Choir conducted by the composer, with Peter Borchard, narrator, Bart Hermelijn, mime and Maarten Bon, piano (Tue); Kyung-Wha Chung, violin, and Kristian Zimmerman, piano. Beethoven, Schumann, Webern, Respighi (Thur). Recital Hall: The Cecilia Consort, Bartok, and premieres of works by Tristan Keuris and Jan-Rokus van Roosendael (Tue). Lunchtime concert from the Matisse Trio (Wed). (71 83 45)

The Hague, Congresgebouw. Hans Vonk conducting The Hague Philharmonic, with Roberta Alexander, soprano, Jard van Nes, contralto, and the Rotterdam Toonkunst Choir under Jan Eelkema. Mahler (Thur). (54 80 00).

Rotterdam, De Doelen. James Conion conducting the Rotterdam Philharmonic, with David Golub, piano. Beethoven (Wed). (14 29 11).

VIENNA

Kyung Wha Chung, violin, and Kristian Zimmerman, piano. Beethoven, Schumann, Webern and Respighi, (Mon). Konzerthaus, Mozart Saal.

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Waltzes and Light Opera (Tues and Thurs). Musikverein.

TOKYO

Vancouver Symphony Orchestra, conducted by Kazuyoshi Akiyama; piano, John Kimura Parker, Brahms, Mahler. Tokyo Bunka Kaikan. (Tue) (571 1689; 237 9990).

NHK Symphony Orchestra, conducted by Hans Drewanz, soloists John O'Conor, Yukie Okura. Beethoven, Mahler. NHK Hall. (Wed, Thur). (465 1789).

Opera and Ballet

TOKYO

Prague National Opera: Orchestra, Chorus and Ballet of National Theatre, Prague, conducted by Zdeněk Košler; produced by Vaclav Kašlík. Don Giovanni. Tokyo Bunka Kaiken. (Mon) (282 7141; 571 1689).

ITALY

Milan: Teatro Alla Scala: Orfeo by Luigi Rossi in Luca Ronconi's production, scenery by Giorgio Cristini and costumes by Carlo Diappi. In the cast, Martha Senna (Orfeo) and Mariana Nicolesco (Euridyce) – conducted by Bruno Rigacci. (80.91.26)

Milan: Teatro Lirico: The National Ballet of Canada in Don Chisciotte by Nicholas Beriozzoff to Ludwig Minkus's music, conducted by Alexander Brezina; Three Ballets: Canciones by Constantin Patsalas with Veronica Tennant and Kevin Pugh; Components (to John Adams Shaker Loops) – choreography by John McFall, and danced by Yoko Ichino and Peter Ottoman; and Elite Syncopations to music by Scott Joplin (and others) with Kenneth MacMillan's choreography and costumes by Ian Spurling. (86.64.18)

Palermo: Teatro Massimo (Politeama Garibaldi): La Traviata, conducted by Daniel Oren and directed by Mauro Bolognini, with Diano Soviero and Nazzareno Antinori (58.43.34).

VIENNA

Staatsoper (53 24/26 55): Mascagni's Cavalliera Rusticana conducted by Fischer, Leoncavallo's The Bajazzo conducted by Fischer with Cotrubas, Domingo; The Magic Flute conducted by Guschlbauer with Lind, Popp, Moll, Hotter, and the Vienna Boys Choir; Gounod's Faust conducted by Binder; Krenek's Karl V conducted by Lehmann with Reich, Bence, Armstrong, Janowitz, Zednik, Moser; Ballet: Die vier Temperamente by Hindemith and Balanchine conducted by Richter.

Volksoper (53 24/26 57): Lehar's Das Land des Lächelns; Zemlinsky's Clothes Make People; My Fair Lady; Offenbach's Orpheus in the Underworld: Orff's Die Kluge; Suppe's Die Schöne Galathee.

PARIS

Turandot under Michel Plasson's musical direction comes into its own on the world's largest scene in Palais Omnisports. The blend of oriental magic with the fantasy of *commedia dell arte* can be expressed by vast, colourful movements of ensembles – there are 650 artists – and by grandiose scenery imagined by Vittorio Rossi. The orchestras and choirs match the display by their quality. Palais Omnisports, Paris Bercy (341 7204, 341 0437).

Händel's Rinaldo, co-produced by the TMP, Orchestre de Paris and the Teatro Romolo Valli de Regio Emilia conducted by Sir Charles Mackerras/Nicholas Kraemer, produced by Pier Luigi Pizzi, the title role sung by Teresa Berganza/Ewa Podles. TMP-Châtelet (233 4444).

LONDON

Royal Opera, Covent Garden: The Royal Opera tries a second time with Ariadne auf Naxos (the first postwar production in the house, not long ago, was a notable failure). The producer is the Frenchman Jean-Louis Martinoty, the conductor Jeffrey Tate: the cast includes Jessye Norman, Kathleen Battle, Ann Murray, and James King. Further performances of the successful revival of Così fan tutte, conducted by Colin Davis, with Margaret Price, Anne Howells, and Francisco Aaiaza. (240 1066).

English National Opera, Coliseum: the ENO gives this week the British premiere of Philip Glass's Akhnaten. Cast and production (by David Freeman) are similar to those already seen at New York; Paul Daniel conducts. Further performances of Aida and The Midsummer Marriage, both not entirely satisfactory stagings redeemed by strong musical performance. (836 3161).

WEST GERMANY

Berlin, Deutsche Oper: This week's highlight is Tosca starring Placido Domingo as Cavaradossi. Tristan und Isolde returns to the programme with a cast headed by Catarina Ligendza and Spas Wenkoff. Madame Butterfly has fine interpretations, with Raina Kabaivanska in the title role. (34 381).

Hamburg, Donizetti's rarely played La Favorita is premiering this week and presented in a concert version. It has Alicia Nafe and Franco Bonisolli as leads. Further performances are Ein Maskenball and Fidelio. The latter has Hildegard Behrens outstanding as Leonore. (35 11 51).

Exhibitions

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings ano 50 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

James Tissot: A nostalgic evocation of the charms of Edwardian life, with his fashion-plate perfection in rendering ladies' rustling dresses and beautiful hats, surrounded by attentive dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

Corot to Picasso. The range of French 19th and 20th century masters assembled by the art merchant Robert Schmit comprises an important Degas pastel La Conversation and a Van Gogh, unusual both for technique and the theme of the Seine. On the first floor the sunshine comes in with Vuillard, Bonnard and Dufy. Picasso's Large Buste d'Homme faces an equally large Braque still life. There is a dreamlike Balthus landscape and a strong blue, red and white one by De Staël. Galerie Schmit, 396 rue Saint-Honoré (260 36 36), closed Sun and from 12am–2pm. Ends July 20.

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

WEST GERMANY

Berlin, Gropius Bau, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3500 years of Chinese history. The exhibition in Berlin includes gold, and Jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

Frankfurt, Museum für Kunsthandwerk, Schaumainkai 17: The new museum opens with an exhibition of Turkish culture and art from the Osman empire. 500 works are on loan, ranging from 15th-19th century. The show includes glass, carpets, ceramics, miniatures and weapons. Ends June 30.

Köln, Schnütgen Museum Cäcilienstrasse 29: Gothic Art from Bohemia, 60 masterpieces from between 14th and 16th century on loan from the National Gallery, Prague. Ends July 21.

Düsseldorf, Städtische Kunsthalle Grabbeplatz 4: A retrospective of Rupprecht Geiger with 100 paintings from between 1945 and 1984. Ends July 21.

München, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960. 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Emden, Ackhuysen-Gesellschaft, Rathaus am Delft: To honour the late Franz Radziwill on the 90th anniversary of his birth. Ends July 28.

ITALY

Venice, Palazzo Fortuny: Toys for the science-fiction era, showing how vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

Naples, Museo di Capodimonte: The Age Of Caravaggio, seen at the Metropolitan Museum in New York in February and March, is the first fruit of an agreement between the museum and the Italian Arts Ministry. Besides 40 paintings by this extraordinary artist (some of not absolutely certain attribution) there are works by Caracci, Reni, Borgianni, Elsheimer, Gentileschi and Rubens, as well as a section devoted to those northern Italian predecessors, who had an important influence on Caravaggio. Until End of June.

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Rome: Palazzo dei Conservatori (Campidoglio): Amazzonomachia, – the sculptures of the pediment of the temple of Apollo Sosiano: An extraordinary piece of painstaking research which has resulted in the reconstruction of the Greek sculptures (of the 5th century BC) brought to Rome by Augustus to decorate the pediment of the temple, opposite the Teatro di Marcello, of which only three columns remain today. Ends June 16.

Palazzo Braschi, Piazza S. Pantaleo: Les Frères Sablet: 1775–1815. Paintings, drawings and engravings by two enormously industrious Swiss artist brothers, during their lengthy stay in Rome. Portraits, landscapes, and many charming conversation pieces against a background of well-known Roman monuments. Ends June 30.

BRUSSELS

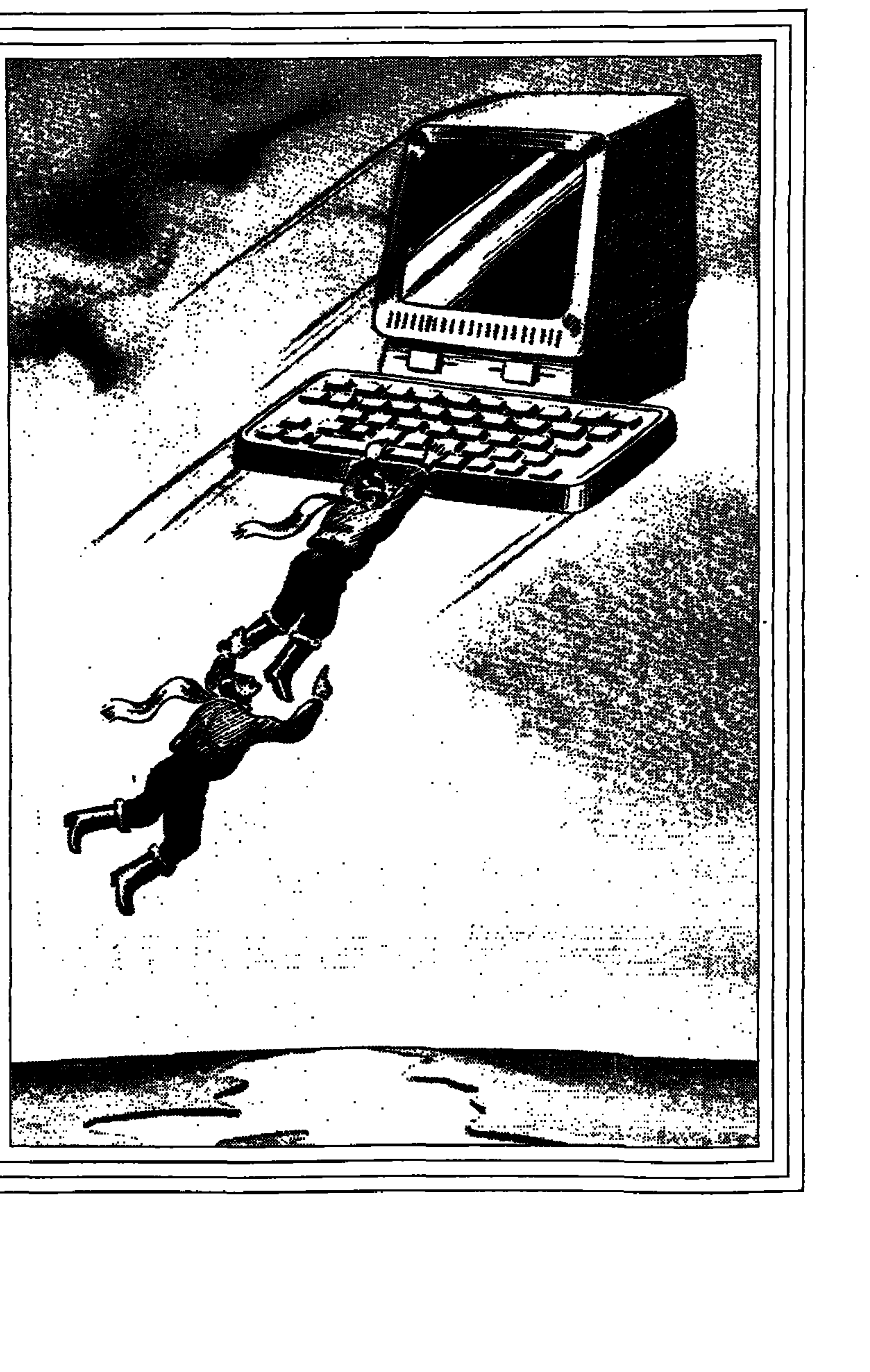
Hotel Metropole is celebrating its 90th year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends Jul 20.

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unque and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

NETHERLANDS

Paul Klee at the Commanderie van Sint-Jan Museum in Nijmegen. 60 paintings, watercolours and drawings covering the years 1906-39 on loan from the holdings of the Kunstsammlung Nordrhein-Westfalen. Ends Jun 23.



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THE ARTS

Cinema/Nigel Andrews

Metaphor that doesn't fly

Birdy directed by Alan Parker
A view to a kill directed by John Glen
She'll be wearing Pink Pyjamas directed by John Goldschmidt
Silver City directed by Sophia Turkiewicz
The Glenn Miller Story directed by Anthony Mann

It was Sheridan's Mrs Malaprop who called someone "as headstrong as an allegory on the banks of the Nile." Alan Parker's *Birdy* brings the line straight to mind. Here is an allegory snapping away on America's Eastern seaboard, full of headstrong symbols and cumbrously impassioned metaphor.

Perched perilously on its nose-tip is the title hero (Matthew Modine), a bird-obsessed Philadelphia boy who keeps pigeons, falls in love with canaries and dreams of flying free and feathered through the firmament. And trying to charm him down onto mental *terra firma* is best friend Al (Nicolas Cage), a loveable loudmouth who shares Birdy's backstreets background but not his birdophilia. He also shares with Birdy the Vietnam baptism that in one fell trauma shatter's Al's jaw and his friend's mind.

Scenes in Birdy's psychiatric hospital begin, end and punctuate the movie. Parker creates a cross-cut pattern between their boyhood past and the grim present, where Al stalks the corridors with bandaged face or tries to crack the silence of Birdy, crouching bird-like in his bare hospital room, deep in a real or willed catatonia. War is the dream-killer, the film suggests: and the men and governments who order war—or any other invasion of our lives and freedoms—are those who deny us our power to fly.

To balance a hero and almost a whole story on the back of an allegory is a challenge as fearfully gymnastic as something from "It's a Knockout." The movie teeters, it struggles, it sometimes soars, but it all too often falls flat on its face. The trouble is that the story, based on a novel by William Wharton (which used World War 2 rather than Vietnam as plot catalyst), doesn't convince as either reality or metaphor. Bird-fixation is such a *rara avis* that it smacks from the start of literary conceit rather than psychological probability. Even in the film's best scenes—the young-blood roisterings in back-of-beyond Philadelphia, where all the world's a playground and flights over rubbish heaps in DIY wings or take-offs from giant fuel tanks seem *almost* normal—the doomy symbols snap away at the would-be impromptu effervescence.

And in the hospital we feel as if we're in *Midnight Express* crossed with *Coming Home* crossed with hints of *Psycho* (a movie that *did* make ornithomania seem real and vivid). Amid martyrdom poses, shafts of light from church-like windows, and the Pharisaic huffings and puffings of the chief psychiatrist (John Harkins), this spiritual inferno seems as expressionally loaded and phoney as a week in Dr Caligari's Clinic for the Clearly Cuckoo.

The sad thing is that Parker has terrific natural talent. He can, when he chooses, direct most other film-makers off the map. *Shoot The Moon* had corrosive power and honesty; *Fame* had scenes of real fizz and euphoria. But in films like *Birdy*, *Midnight Express* and (at its worst) *Pink Floyd The Wall*, Parker goes all plangent, overwrought and suffering-for-the-sins-of-the-world. If he stopped trying to be the martyred Icarus of Anglo-American cinema (we critics, not least, are constantly accused by him of scorching his wings), he might fly free and high as we all actually want him to.

Better a *Birdy* that fails to flap with all feathers, than a low-flying Bond on box-office auto-pilot. *A View To A Kill* presents the suavely minimalist Roger Moore again—the raised eyebrow indicating everything from outrage to orgasm

Christopher Walken is the blond smoothie, mad for micro-chips, who wants to destroy Silicon Valley and have the world's computer market at his feet. He already has Grace Jones at his feet, and in other outré positions, as the black Amazon who is his bodyguard-cum-odalisque. And in his Chantilly *château* he subjects Mr Bond to every indignity, from murdering his chauffeur (Patrick McNee) to trial by steeplechase (the electronic fences purr up an extra two feet just as 007's nag approaches).

So far so qiquant. But on leaving France for San Francisco, the film sighs and dies. Tanya Roberts is the vaporous female interest, Moore masquerades boldly but none too persuasively as a Financial Times journalist ("My name is Stock, James Stock") and the movie only screeches into top gear again with a fight involving hero, villain and an exploding dirigible high above the Golden Gate Bridge. The Bond series must learn some new tricks or trumps if it isn't to become, after 14 outings to date, all formula and no content. As for Mr Moore, he increasingly recalls the old adage, "Those who can, act; those who can't, become film stars."

*

Julie Walters, who in *Educating Rita* turned the Scouse squawk into a high vocal art, squawks again splendidly in *She'll Be Wearing Pink Pyjamas*. Handicapping itself with the worst movie title of the year, this feminist comedy written by Eva Hardy and directed by John Goldschmidt still moves into pole position in the British Film Year steeplechase. Walters joins a lively cross-section of modern British womanhood (the fat, the lean, the spinsterly, the promiscuous, the posh, the plebeian) on a Lake District survival course. They scuff their shins, trip over rabbits, climb mountains, paddle their own canoes, camp under rain-tattooed canvas, swear, discuess sex, and learn about each other and themselves. This is like an al-fresco version of *Steaming*. And though it's a touch dingily photographed, betraying its shoestring Channel 4 origins, it's also full of fight, fun and character.

Silver City, written and directed by Sophia Turkiewicz, also has a feminist tinge. But its heroine (Gosia Dobrowolska), a World War 2 Polish refugee in Australia is aspiring not to paddle her own canoe but merely to canoodle in her own pad. The Brits and Aussies who run the refugee camps keep men and women firmly segregated, and frustration is worse confounded when young Nina (Miss D) falls for another Pole, married man Julian (Ivar Kants). They drift into love but are rent apart by being sent to separate towns and jobs. They drift together again and make a love-nest in a friend's garage; but are rent apart again by the call of Julian's family (his wife is pregnant). They drift together again finally 12 years later in a train. She is a little older but still beautiful; he has white powder in his hair after what looks to have been a bad session in the film's make-up department; and they moon poignantly over what was lost.

This is *Brief Encounter* with a little socio-political beef; and a lot of likeability. The narrative stops and starts, and does the conviction of its portrait of a period. But John Seale's magical photography (he lensed *Witness*) seals up all in light—and mist-bathed images that have the true quality of dreams longed for but narrowly lost.

*

Before feminism, of course, there was June Allyson. The adoring chipmunk face and the gushy-laryngitic voice may be found in the 1954 Hollywood biopic *The Glenn Miller Story*, now revived with Dolby Stereo, glorious Technicolor and James Stewart whooping it up with "Chattanooga Choochoo," "Moonlight Serenade," and Co. Well worth the re-see and re-hear.

Al (Nicolas Cage) comforts Birdy (Matthew Modine) in Alan Parker's "Birdy."

National Ballet of Canada/Munich

Clement Crisp

The National Ballet of Canada is on an extended European tour encompassing performances in Luxembourg, Switzerland, Germany, Italy and Holland. I saw the company in two progress at the Munich Opera House last week, looking — in the second year of Erik Bruhn's directorship of the troupe—very clean in style and well disciplined.

The repertory comprised the full-length *Don Quixote* and one of the two triple bills which have been brought to Europe. About *Don Quixote*, in any staging east or west of the Iron Curtain, there is little to the said. It is ludicrous as drama, preposterous as a comment, however oblique, upon Cervantes, and predictable as choreography. It lurches, through an interminable evening, to its justification in the famous (or infamous) grand pas de deux, and the preceding activities are no more than so much Old Spanish Nonsense.

The excuse for re-heating this suspect paella has always been the glamour of its casting—as when Maya Plisetskaya used to rampage in glory through its variations with the Bolshoy — and the manic enthusiasms of its assorted gypsies, matadors, and grinning peasantry.

The Canadian staging is by Nicholas Beriozoff, and no more unlikely than any other. Its design by Desmond Heeley combines an improbable toy-town setting with lurid costuming, but the dancers flaunt, and flash their eyes with the best Hispanic will in the world. In the vision scene — the dottiest moment of the whole enterprise — Kimbely Glasco was a delightful Queen of the Dryads, with a generous, sweet style. Throughout the evening Karen Kain and Gregory Osborne as Kitri and Basilio struck whatever sparks they could from the production and enjoyed themselves in high style in the final pas de deux. It was all frightfully jolly, and about as Iberian as *Nanook of the North*.

The company's resident choreography, Constantin Patsalas, played a Spanish card at the beginning of the triple bill. *Canciones* is modest in scale — two couples interpret Spanish songs by composers of this century, vibrantly sung from the stage by the mezzo Janice Taylor, with Gary Arbour an admirable accompanist — well made and grateful to dance. After a sombre opening, the mood lightens, and Veronica Tennant, Sabina Allemann, Peter Ottmann and Kevin Pugh are seen as artists in whom bravura dancing and expressivity are finely judged. Mr Ottmann's poetic presence (he made a character from the nonsense of a gypsy boy in *Quixote*) is matched by the fire of Kevin Pugh; Miss Tennant's intense maturity is set against the brighter manner of Miss Allemann. All four attractive personalities are well displayed by Mr Patsalas' sensitive dances.

The other works in this triple bill, John McFall's *Components* contrasting views of the dancers' fresh and "open" classic style. *Components* is set to a minimalist score for string orchestra by John Adams, with design by Rouben Ter-Arutunian of silvery bars pendant in front of a shadowy grey cloth. The choreography's manner is plotless in gymnastic/academic with groups of men and women, strongly led by Kevin Pugh, Raymond Smith and Yoko Ichino joined by three lyrical couples. Any emotional argument is unclear; what is plain is the clarity and unaffected frankness of the Canadian classic training.

This directness of image is less well suited to the elaborately grand manner of *Raymonda*. *Don Quixote* was brought off by verve; *Raymonda* demands a far more sophisticated understanding of national dance style for its Hungarian entries, and more nuance in the classic variations. The Canadian dancers look decent, but four-square, and they are in no wise helped by a drearily veristic castle setting and unflattering costumes, and by orchestral tempi generally brisker than in Russian or European performance. The male quartet in the diabolical pas de quatre with its double *tours en l'air* was impressive, but I did not find Gizella Witkowsky a sympathetic Raymonda, or one showing much appreciation of the allure of the great cimbalom solo. The staging remains essential—like *Bayadere's* Shades scene—as a challenge to classic assurance and maturity in execution for the future.

At a time when dance companies depend increasingly upon commercial sponsorship, it is interesting to note the imaginative relationship established between the National Ballet and guarantors on this European tour. Main support for the visit inevitably came from government and provincial sources, but certain major benefactors—Wood Gundy Inc; Jaguar Cars; Royal Bank of Canada—have underwritten special performances which provide exposure both for the ballet company and the sponsoring enterprise. The heightened visibility which results for the ballet in galas supported by the business community, and for the backers of the occasion in introducing themselves to new areas of potential business, shows how mutually beneficial such events may be to sponsors and to sponsored.

Figaro/Ambassadors

Michael Coveney

Mozart's *The Marriage of Figaro* has been moved from 18th century Andalusia to 1960s South of France where the Count has resurrected his *droit de seigneur* (missing the crucial point in both Beaumarchais and da Ponte that he is reneging on a promise to surrender it). This is the Croydon Warehouse production of last Christmas which Martin Hoyle recommended with reservations on this page.

There is no great gain in the updating beyond allowing Terence Hillyer as Figaro to play yet another teddy boy and to make the show look as little like Mozart or Beaumarchais as possible. Nothing wrong with that. The freshness works to the extent of clearing up the disguises in the garden—the Countess and Susanna exchange furs and black overcoat—and concentrating your attention on the music and words. We have lost Figaro's parents, Dr Bartolo and Marcellina, as well as Barbarina, and most of the orchestra. Tony Britten's musical direction for piano, violin, viola and cello is both cunning and satisfactory.

The Ambassadors, now foresaken by the Theatre of Comedy, is ideal for this sort of flexible, adventurous work, and Nick Broadhurst's enjoyable production illustrates the growing common ground between opera and theatre enterprise in Britain. The biggest surprise of all is th confirmation of Lesley Duff, recently with the RSC, as a musical actress of rare accomplishment. The Act 3 "Dovo sono," which she delivers in red satin and dripping with diamonds, registers beautifully the Countess's graduation from melancholic despair in her failed marriage to resolution and optimism that the Count will return.

Miss Duff has replaced Amanda Redman. The other five performers are as before: Mr Hillyer, treading lightly on suede shoes and freezing in the garden as first a statuesque Cupid and then as the conductor, while Susanna sings his praises; Prue Clarke, a pert and Fifi-ish Susanna; Janet Dibley a brush-quiffed, not quite convincingly resonant Cherubino whose "Voi che sapete" has the same effect on Miss Duff as the willow cabin speech usually has on Olivia; Stephen Tate, whose nasal rock oriented voice is interestingly at odds with the idiom, making of the Count a sweating hypocrite on a trade delegation to London; and Michael Sadler, rescuing Basilio from encrusted tradition in livid bow tie and brown hush puppies.

Mr Sadler also provides a nice touch of incongruity by doubling as an Antonio the gardener who might well have wandered in from the Coliseum. And this is the point. The artifice of opera is not threatened by taking it out of crinolines. Rather, the artifice is enhanced, for it is no great problem to accept the conventions of unsealed letters and mixed assignations if the artifice is played, as it is here, for real. The mallet-wielding Count can even address the concealed Cherubino with the imperishable line "Come on out, you randy bastard" at no great cost to his credibility as a jealous, vain and rather stupid aristocrat.

The recitative is kept to a minimum and the singing of the two great finales is admirable even if, of necessity, deprived of a couple of musical lines. Figaro's "Se vuol ballare" cavatina is the perfect expression of a spivvish underling, and "Non più andrai" gets by without the military pomp (Cherubino has been consigned to the Foreign Legion) and a promise that there will only be soldiers for the androgynous scamp to pursue.

A simple arrangement of Venetian blinds, designed by Claudia Mayer, successfully and economically conjures a cool classical villa in which the Countess's rose pink boudoir could not be further from the dustbowl environs of Seville.

Hélène Delavault/Almeida

Andrew Clements

The smash hit of last year's Almeida Festival was *Le Tango supefiant* Helene Delavault's bewitching mixture of *chanson* and art song which she called an "imaginary cabaret." Among those bewitched was the pianist Stephen Bishop-Kovacevich, who afterwards suggested that he work with the mezzo-soprano on a recital programme. They presented the result for the first time at the Almeida Theatre on Wednesday night (repeated tonight), as a break from the main business of the 1985 Festival.

What they have put together is a programme of Schumann, Musorgsky, Debussy and Falla, songs loosely connected by what Miss Delavault calls "the many changing masks of passion," all of them projected with irresistible dramatic flair, and the ability to engage an audience's absolute attention. The tension generated in Musorgsky's *Songs and Dances of Death* was extraordinary, the narratives of "Lullaby" and "Trepak" done with characterisations that stayed just the right side of archness, and Bishop-Kovacevich contributing accompaniments of great power and menace.

Less successful was the Schumann group—unsettled to begin, and not entirely focused in expression—and the Debussy *Chansons de Bilitis*, where Miss Delavault injected so much sensuousnes into the vocal line as to jeopardise their delicacy. But there was wonderful vividness in the Falla *Seven Popular Songs*, with a tone by turns husky and passionately powerful, and three delightful encores, including a song from Brahms' *Zigeunerlieder* delivered with touching simplicity. Miss Delavault is a quite remarkable artist, and there is no chance of a quiet doze wh:la she is performing.

Safe With Us/Half-Moon

Martin Hoyle

Red Ladder Theatre Company based in Yorkshire, is one of the best-established political companies in Britain. Although they occasionally produce tried and trusted scripts from elsewhere, they tend to find their own material, often at the behest of trade unions. Their current show was commissioned by the health service union COHSE to celebrate its 75th anniversary; the title is an ironic reference to the present government's assurances about the NHS.

Frankly, I am uncertain about the age group of the intended audience. This farce is a mixture of slapstick and caricature with some songs thrown in — one of them, given to a woman patient with the gift of telling the future, is particularly haunting. There is a Spaniard called José (to rhyme with COHSE) and a hospital cleaner who immediately strains credibility by smiling, articulating and understanding English.

Having taken action to keep their hospital open, the staff are now faced with time and motion studies as the threat of privatising the ancillary services looms over them.

Plenty of scope here for savage satire; but everything evaporates in a fairly routine and heavy-handed drollery. If this is aimed at young audiences it assumes too much: it paints no background, gives no details, indicates no social context in which the presumed cuts occur. If aimed at an adult audience, then sharper focus is called for.

Frances McNeil's cheerfully bouncy script is put over by a likeable cast led by Jo Loyn's overworked nurse, Richard Stone, a triple personification of villainy, and Gordon Dougall as Spanish porter and vasectomy patient (he also wrote the songs). Maggie Lane directs, but not so as to make the first night audience lose the uneasy feeling that they are, on average, 20 years too old for the entertainment on offer.

Nash Ensemble/Wigmore Hall

David Murray

The Nash Ensemble concert on Wednesday had a characteristically tempting bill-of-fare: solid Brahms preceded by suave Chausson and two modern sets of pieces, Peter Maxwell Davies' Seven *In Nomine* and John Buller's new "Of Three Shakespeare Sonnets."

What I heard of the early Brahms F minor piano quintet sacrificed energy to breadth—the Allegro was so *non troppo* that it became a stately Moderato. Similar measured warmth suited Chausson's late *Chanson perpétuelle* much better, with the quintet again accompanying Sarah Walker's sympathetic mezzo, cultivated and idiomatic.

Miss Walker was also the soloist in the Buller première, as she memorably was years ago in his huge orchestral cantata *Proença*. (It is high time for that opulent piece to be heard again in London.) The new Shakespeare Sonnets are chamber-scale and concise, set for the ensemble of Ravel's Introduction and Allegro — harp, flute, clarinet, and quartet — and therefore just what the Nash needs. The chosen sonnets revolve around the themes of love, sleepnessness and destroying time; there is a remote analogy with *Proença*, which is about the dying of a whole romantic-medieval culture.

Buller's writing here is intricate but lucid, sedulously attentive to Shakespeare's verse-forms. A pattern of plangent chords introduces "When I consider everything that grows" before the voice unwinds the burden—with clarinet, the first of the instrumental soloists who figure in each song. (The climax was surprisingly vehement, perhaps a misjudgment in performance.) In "Is it thy will thy image should keep open" a thoughtful cello broods over traditional harp-pluckings; a flute whispers suggestively in "Weary with toil, I haste me to my bed."

Miss Walker was coolly fervent in all the songs. They will reward acquaintance; though their surfaces are seductive, Buller's highly personal methods generate subtleties that take time to appreciate. It was easier with the early Davies *In Nomine* set, given the hindsight provided by his most recent music, clear and temperate. His expressionist *fantasies* came in the years between: the taut, shapely *In Nomine* studies let us hear the plain continuity of Davies' methods from then till now.

Saleroom/Antony Thorncroft

£65,000 for a penny

A gold penny minted in the reign of Henry III sold for £65,000 at Spink yesterday to the London dealer Margaret Amstell. It was part of the Emery May Holden Norweb collection of coins, probably the best private collection formed in recent decades, which is being dispersed by Christie's in the U.S. and Spink in London.

Only six specimens of the penny are known, and three are in the British Museum. This particular coin was found in Italy around a century ago and has passed through the auction room at Spink on four occasions, Mrs Norweb paying £8,000 for it in 1967.

She died last year and the first of four planned auctions of the British coins in her collection raised £503,720. Another very rare coin, a gold 1953 Elizabeth II pattern sovreign, of which perhaps 10 survive, went to another London dealer, Lubbock, for £24,000.

The main disappointment of the sale was a Charles II petition crown, so called because of the petition on its edge in which its engraver Thomas Simon begged the King to acknowledge that his work was better than that of his rival, John Roettier. It was bought in at £32,000, just below the £35,000-£50,000 estimate.

In contrast a coin minted in the troublesome reign of King Stephen at Bristol and bearing the image of Henry, Duke of Normandy, was bought by the National Museum of Wales for £15,500 as against a £5,000 estimate.

A penny from the reign of King Elthelbert, of which the only two other known examples are in museums, sold to the dealer Baldwins for £16,500 and an 1848 Pattern gold florin made £10,200. The British Museum bought a coin minted at Canterbury in the late 8th century during the archbishopric of Jaenberght for £4,200 and a Viking coin of King Eadmund of East Anglia, 890-910, for £1,000.

A Sotheby's sale of Japanese works of art produced a price of £99,000 from the dealer T. Yanagi for a lacquer travelling screen of around 1600, depicting the Virgin Mary.

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Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	13½%
■ Brown Shipley	12½%	Provincial Trust Ltd.	13½%
CL Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	P. S. Refson	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13½%
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Choulartons**		■ J. Henry Schroder Wagg	12½%
Citibank NA	12½%	Standard Chartered	‖12½%
Citibank Savings	¶12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13½%	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Co-operative Bank	*12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Dunbar & Co. Ltd.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		

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‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9½%.

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Friday June 14 1985

Soft line on lobbyists

THE House of Commons Select Committee on members' interests has produced a disappointing first report. It looks like a case of failing to see the mote in one's own eye: the *Members of Parliament on the* committee have, perhaps unsurprisingly, found fault with everybody associated with the House of Commons—from lobby journalists to research assis*tants and officers of all-party* groups — except the members themselves.

Indeed, had the committee been charged with examining *non*-members' interests, it could be congratulated on having done a reasonable job. Where non-members are concerned, the committee sees the case for greater disclosure of outside interests. Lobby journalists and those with permanent press gallery passes should register, the MPs propose, not just the employment for which they have received priviliged access to the House but also any other paid employment or occupation which is relevant. The wording is unhelpfully vague: which occupations precisely are relevant? But the result ought to be greater openness on the part of journalists and this is to be welcomed.

There has been a good deal of concern about the activities of members' secretaries and *research assistants whose access* to parliamentary papers can be of considerable advantage to outside organisations. As the committee argues, the main purpose of many research assistants from abroad is to further their academic careers. This is harmless enough but some are effectively working primarily for public relations firms and professional lobbyists. The committee is right to suggest that research assistants' gainful occupation outside the House should be registered.

Journalists and members' research *assistants are by no* means the only chinks in the Commons armour. Outside pressure groups can wield useful influence by lending the self-styled all-party groups valuable financial or secretarial support. Age concern, for member of staff as secretary to the all-party pensioners' group. example, seconds a full-time There is nothing wrong *per se* with extra-parliamentary support but it is important, as the committee notes, that the extent *and source of* support should be on the record.

There is nothing wrong in principle and much to be said in favour of lobbying: the legitimate attempt of individuals and *groups to influence political* representatives is a necessary part of the democratic process. Anybody who writes to his or her MP is a lobbyist. But it is of overriding importance that *lobbying is transparent: it is* crucial to know who is acting for whom and whose interests are at stake. The committee is right to argue that the "full purposes" of those with access *to MPs should be revealed*— but what of the purposes of MPs themselves?

Representatives

A large but unknown number of MPs—perhaps 50 to 100 —substantially boost their parliamentary salaries by acting as public relations representatives for outside firms and interests. In practice, the present register of MPs' outside pecuniary interests, trades and vocations is not detailed enough to bring this out. Many outside financial interests may have no effect whatever on MPs' voting behaviour or activity when on committees, but this can hardly be the case when they are on the payroll of professional lobbyists. The disclosure requirements for MPs should be strengthened and the paid lobbyists brought into the open.

Yesterday, the big public relations firms—which had argued strongly in favour of a formal register of parliamentary lobbyists—were surprised and disappointed that the select committee had opted to take a softer line even than they had recommended. The big firms *which do not tend to employ* MPs directly and lobby in a reasonably transparent manner obviously fear the bad will drive out the good in the absence of adequate regulation. Disclosure of members' interests is an issue which will not go away.

Supply side in New Zealand

WHILE THE New Zealand Labour government's row with the United States over nuclear *ships has stamped its image* abroad, the consequences of its radical economic policies at home will have the more lasting impact on its reputation. Europeans may somewhat too *easily discount these policies as* an intelligent and necessary application of supply-side measures. New Zealanders have come to realise that they represent a fundamental departure from the comfortable complacent and ultimately economically destablising practices of the past. It is little wonder that the government is beginning to run into some very *difficult political waters.*

The budget introduced yesterday by Mr Roger Douglas, the Finance Minister, was an encouraging display of calm nerves in the face of falling *opinion* polls.

However, Mr Douglas's steely determination to maintain tight fiscal and monetary policies and to push ahead with some very necessary restructuring showed that the government has lost none of its conviction that a generous social welfare system has to be underpinned by a healthy non-inflationary economy.

Hostile

While this conviction may be easily shared, the means of implementing it have begun to shock a people more accustomed *to governments attacking prob*lems with public money and controls than with an axe. Since it was elected last July, Mr David Lange's government has abolished wage, price and in*terest rate controls, and ex*change controls. At the same time, it is removing a rack of government subsidies and gradually dismantling import controls.

Hostile public reaction, largely but not exclusively focused on a rise in inflation from 3.5 to 15 per cent, may cost the Government a seat in a by-election this weekend which it has held for 57 years. But ministers may still be able to feel that this is no more than mid-term blues, given the awesome three-year brevity of New *Zealand's parliamentary* cycle.

This need to make haste explains the string of policy measures which has poured out of Wellington over the past 11 months. To some extent, virtue is already being rewarded, as Mr Douglas was keen to trumpet yesterday. Following a budget of Crippsian austerity last November, the public-sector deficit has been cut from last year's 6.9 per cent of gross *domestic product to a projected* 2.8 per cent in the coming financial year. This should help bring down interest rates currently in the region of 20 per cent.

The Minister spent some time lecturing his countrymen on the need for wage and price discipline and to reduce inflationary expectations. Under Sir Robert Muldoon, Mr Lange's predecessor, the wage and price freeze was a preferred instrument for coping with cost push inflation.

Labour's removal of Sir Robert's last freeze is a partial explanation for the current 15 per cent inflation rate. There is no doubt that the Government's hopes of a reduction to 12 per cent in the coming year could be badly undermined if this autumn's pay bargaining round goes wrong.

While holding that markets allocate resources more efficiently than politicians, the Government's *approach to* wages is anomalous. *Last* autumn, Mr Lange imported across the Tasman from Australia Mr Bob Hawke's idea of setting a pay norm at a national summit with the *two sides of* industry.

His ministers believe that without the summit, last year's key national bargains would have been higher than the 6 to 7.5 per cent agreed. However, such a rigid wage-fixing structure sits oddly on the flexible entrepreneurial system that the government is trying to create

No New Zealand Labour government since the war has succeeded in winning a second consecutive term of office. This one must not let its confidence be undermined by a sequence of bad polls or disappointing statistics.

Its strategy is the correct one and there is still a potentially rich political harvest to be reaped from the tax reforms to be *outlined in a second budget* later this year.

There is an opportunity here to introduce both genuine personal incentives and new measures to help the low-paid —albeit at the price of a one-off stimulus to inflation. Mr Lange and Mr Douglas should seize it, while continuing to explain to the country in general and their supporters in particular that the path to economic change these days is winding and bump, and for New Zealand, unavoidable.

U.S. COMPUTER MERGER TALKS

The outlook turns murkier

By Terry Dodsworth and Paul Taylor in New York

UNTIL yesterday morning, most of the heavy money on Wall Street was riding on a takeover of Sperry by someone outside the mainstream of the U.S. computer industry.

Yesterday's announcement that the group was in merger talks with Burrough, another of the five U.S. "Bunch" computer companies, looked much more like a defensive move—and one that is symptomatic of the industry's recent plight.

The talks between these two *giants of the mainframe* computer industry come after virtually all the big players in the high technology sector have battened down the hatches in the face of a gathering crisis.

Doubts have been *growing* for several years about how long the Bunch companies could survive separately in an industry increasingly dominated by IBM and the Japanese. But *the significance of the* current talks also extends far beyond that question.

Even International Business Machines (IBM), the talisman of the U.S. industry, has not been left unscathed. Earlier this week, Mr John Akers, IBM's president, warned that nine-month earnings this year would lag behind those in 1984 and that the company could no longer guarantee earlier predictions of "solid" growth. This gloomy assessment from the high priest of the industry set the seal on a series of events that have startled a sector used to 30 per cent annual growth rates.

The industry began 1985 with its colours flying high. It had just enjoyed another record year, and although economists were predicting a flattish first half, everyone was confident that 1985 as a whole would turn out just fine.

But since then the outlook has turned decidedly murky.

● First quarter earnings fell far short of expectations. IBM's net income dropped 18 per cent compared with a year earlier. Hewlett-Packard suffered a 12 per cent setback, and Wang, the doyen of the office word-processing sector, said fiscal third-quarter earnings fell by more than 50 per cent. A few weeks later, as virtually all the heavyweights of the industry *began to scale back their earn*ings forecasts, Wang projected its first ever quarterly loss in 34 years for the current three months.

● In the last few months, more and more *high-tech* companies have been forced into plant closures, extended lay-offs and redundancies. Wang itself is dismissing 1,600 employees out of 32,000. Apple Computer, the west coast group which virtually invented the personal computer, has laid off 1,600 workers, stopped production at four of its factories for a week and slashed its advertising budget.

In the related semi-conductor industry, three of the big independents, Intel, Texas Instruments and National Semiconductor, have all announced cutbacks involving more than 1,000 workers.

TOP COMPUTER MANUFACTURERS EARNINGS ($m)

Company	1984 Sales	% Change on year	1984 Profits	% Change on year	Latest quarterly sales	Latest quarterly profits
IBM	45,937.0	+14	6,582.0	+20	9,770.0	986.0
Burroughs	4,875.6	+11	244.9	+24	1,167.1	46.6
Sperry*	5,687.2	+15.7	286.7	+32.6	1,796.0	105.9
NCR	4,074.3	+ 9	342.6	+19	842.7	43.6
Control Data	5,026.9	+10	31.6	−80	1,203.7	−9.2
Honeywell	6,073.6	+ 7	334.8	+34	1,480.0	46.2

* Fiscal year ending March 31

catsoinetsoinetsoi — Research: Rivka Nachoma

● Far from rebounding, as many industry executives had hoped, orders have continued under intense pressure. Semiconductor orders, a key measure of the computer sector's health, last month were running 9 per cent below the April level and 57 per cent behind the year-ago period.

● As the industry has struggled to come to grips with the new lacklustre trading environment, several major manufacturers have announced sweeping management reorganisations. The most dramatic of these came last week at Apple where Mr Steven Jobs, the company's co-founder, was ousted in a boardroom revolt from any day-to-day operating responsibilities. At Texas Instruments, J. Fred Bucy, TI's 56-year-old president, resigned abruptly last month to be replaced by Jerry Junkins.

This catalogue of industry woes highlights what some Wall Street analysts believe could be more than one of the sectors characteristic downturns. Some of the problems are clearly cyclical in nature. But the breadth and depth of the current setback has raised spec*ulation that a long awaited* shake-out across the whole spectrum of the industry could already have begun.

One of the main short-term problems facing the high-tech sector is the fact that it has not been able to insulate itself from the general weakening in the U.S. economy. Last year, although parts of U.S. manufacturing industry were still underperforming, much of the record-breaking new investment was ploughed into purchases of computer, office equipment and factory automation.

By the turn of the year, however, some alarm signals began to sound as U.S. industry reassessed its capital spending plans and began to trim back. Orders for office and computing machines dropped 46 per cent between November and December last year to $2.8bn, according to government figures.

Sales of personal computers, which have been roughly doub*ling year-on-year during the* 1980s, are now expected to grow no more than 30 per cent this year—and may not show any growth at all. In April new orders for computers and office equipment were down almost 20 per cent on a year ago.

In the semiconductor market, where annual sales are now expected to drop at least 20 per cent this year, Mr Thomas Hinkelman, president of the U.S. Semiconductor Industry Association, said earlier this week: "The weakness in the electronics market is pervasive."

Economic weakness has been compounded by all the problems that flow from a strong dollar. The dollar's strength has badly affected demand from the hard-pressed manufacturing sector. It has also eroded currency translations from relatively healthyoverseas volume sales.

At the same time, the earlier strength of demand for the high-tech sector's products has stimulated feverish development of new products which are now swamping the market. According to Hambrecht Quist, the number of American companies producing microcomputers increased from eight four years ago to 47 at the beginning of this year.

Excess capacity in memory chip production—one of the most *important sub-sectors of* the semiconductor industry which just two years ago was suffering from a worldwide shortage—has now reached at least 40 per cent, according to Dataquest, the West Coast research firm. Meanwhile fierce competition, especially from Japan, has driven basic chip prices sharply lower.

While there are still plenty of industry experts who believe that the industry will rebound swiftly from these troubles, just as it always has done in the past, there are others who argue that at least some segments of it are entering a period of painful structural reorganisation.

Mr Andrew Grove, president of Intel, put his finger on this recently, when he said that the *industry was not in "another* slowdown, it's a shakeout.'

If Mr Grove is right, the once high-flying U.S. computer industry may be in the process of losing its expansionary mystique and becoming more like other slower-growing mature sectors of the economy. At least in the upper-end of the computer business, many industry analysts expect two or three main players to emerge as totally dominant forces.

With the newly-deregulated American Telephone and Telegraph (AT & T) now throwing *its vast resources into head-on* challenge to IBM in the information processing industry, the days of the Bunch could be numbered. If the Sperry-Burroughs merger goes ahead, it may be just the start.

Burry or Sperroughs—that is the question

ON PAPER, the proposed merger of Burroughs and Sperry would create a new group with annual computer sales of about $8bn and a customer base of installed equipment valued at almost $30bn. That would be second only in size to IBM, which had annual sales last year *of $45bn.*

It is much less certain, however, how well a marriage would work out in practice, and some U.S. industry analysts were warning yesterday that it could create more problems than it solved. "What is the industrial logic behind the plan? I can give you a very short answer — there is none," was the reaction of one, Mr Tom Crotty of the Gartner Group.

Mergers between large computer companies are rare, and for a good reason. Manufacturers such as Burroughs and Sperry both make product lines which are designed with different and largly incompatible features and specifications. Both still derive a substantial slice of their sales and profits from large mainframe computers and have recently launched new families of machines in this sector.

Merging their two ranges is not a practical short-term option because each company's customers have invested huge sums in software for their machines. Transferring this software from one range computers to another would be difficult and extremely expensive. *There is also a risk* that some large customers would simply defect to IBM or other competitors.

This proved the case after the last wave of major U.S. computer takeovers in the early 1970s, when Sperry bought RCA's computer operations and Honeywell acquired those of General Electric and Xerox. Both acquiring companies had to devote huge resources to rationalisation efforts which were never fully successful.

Progress in micro-electronics and computer design techniques since then may have made the *task slightly* easier. *Mr Ted* Withington of consultants Arthur D. Little believes that economics of scale could be achieved by combining activities such as engineering and manufacturing, *but it is by no* means clear that these would outweigh the costs.

Top executives of the two companies doubtless believe that there are other advantages to be had. The most obvious are in Burroughs' and Sperry's respective product mixes and customer bases, which to some extent are complementary.

Burroughs traditional strength has been in the banking industry though the shape of its business has changed considerably in the past few years, due both to fiercer competition and to the impact of Mr Michael Blumenthal, the former U.S. Treasury Secretary, who became its chairman in 1980.

As well as generally tightening up its management by recruiting several key executives *from IBM, Mr Blumenthal* has successfully expanded Burroughs' business in medium-sized computers and office automation systems. Like Sperry, it has bought in and makes under licence poducts such as office terminals.

Sperry's biggest asset is probably its position as one of the biggest suppliers of computers to the U.S. Defence Department, which is not a major Burroughs customer. In addition, 40 per cent of its $5.7bn sales in the year to March were in highly profitable electronics systems such as radar, flight and marine navigation. The rest of its sales were from its farm equipment subsidiary, New Holland.

It is widely believed on Wall Street that if a deal were consummated, Burroughs would quickly emerge as the senior partner. Sperry's own abortive recent talks on a merger with ITT and rumours about a string of other possible suitors outside the computer industry, have cast it very much in the role of a company looking for a white knight.

Whether it has found one in Burroughs is stil far from sure. But if this set of talks also ended inconclusively, that would hardly be likely to enhance Sperry's image on Wall Street or with its customers.

Meanwhile, as one Wall Street analyst cracked yesterday: "I really don't know what these talks will lead to. But what I'd really like to know is whether, if they do merge, they will call themselves Burry or Sperroughs."

Guy de Jonquieres

Men and Matters

Getty's give-away

Not surprisingly the shutters were bolted on J. Paul Getty Jnr's Cheyne Walk, Chelsea, home yesterday as it was announced at the National Gallery that he was giving it *£20m, to be raised to £50m once* a few technicalities have been sorted out.

Getty, 52, third son of a reticent, if not quite so reclusive oil-millionaire father, is notoriously elusive—and, unlike his father, remarkably generous. A long-time British resident, he suddenly swoops on causes that appeal to him, showering them in cash.

Last year the miners' wives felt his generosity to the tune of £100,000, while the Manchester City Art Gallery's appeal to keep a painting attributed to Duccio in the UK succeeded thanks to Getty's last minute £400,000. His main benefaction has been most of the £4m to purchase Wormsley Park, near Oxford, as a home for handicapped children, although the £17,000 which bought John Ogdon a Steinway piano did not go amiss.

His great passion is watching old movies, an obsession shared by the late Howard Hughes. He has proved a good friend of the British Film Institute, providing funds for the Museum of the Moving Image and the National Film Archive.

Getty is not known for his good feelings towards his father's main benefaction, the J. Paul Getty Museum in Malibu, and enabling the National Gallery to mount a challenge to Malibu may have been in his mind when he made his generous gift, which also qualifies for tax exemption on his income from a U.S. trust established in 1934.

It is believed that Getty is near to setting up his own Trust to encourage sport and open air activities among Britain's deprived. He has some distaste for high society — guests at parties given in his name rarely manage to see him, and when they do his casual appearance hardly suggests that he is one of the world's richest men.

Good Muslims

As the end of the Islamic fasting month of Ramadan aproaches, Muslims everywhere are stocking up for the traditional round of feasting and present giving.

In Indonesia—which has the world's biggest Muslim population—there is growing concern about anti-Islamic tendencies which have been creeping into festivities in recent years. Muslim groups are particularly worried about the practice of giving special hampers, often containing bottles of liquor, to friends and business associates.

Now the word has gone out—feasting or not, liquor remains "haram" or contrary to Islamic law. "People, especially those in the business world, should refrain from such practices. We must be year round good Muslims."

Cambridge float

Dr Terry Gooding, preparing to leave London today for his home in San Diego, wanted to say nothing about the impending stock market flotation of Cambridge Instrument Company.

But he did say he would be spending a bit more time in Britain, as executive chairman of Cambridge, from July 1, "which means I'm going to get more active again." His managing director, Clive Segal, has just returned to the U.S. after running the company since its last reorganisation.

Cambridge was a deeply troubled company in the 1970s until Gooding got his eye on it. A Welsh-born experimental physicist, he knew the quality of its instrument.

Gooding orchestrated its reorganisation in 1979, taking a substantial slice of its shares. Then in 1980, its medical instruments were merged with the U.S. group, Picker, and GEC Medical Equipment, to create a much bigger GEC subsidiary in medical technology, Picker International.

To the City's surprise, Gooding—who had made his name and money as a high technology entrepreneur, building a Californian company called Kratos —agreed to become Picker's chief executive.

To allow more time for Cambridge, he is now stepping down from that post. He will become deputy chairman, and Joseph Williams, Picker's president, will take over as chief executive.

At 51, the former Fulbright scholar, has lost neither his accent nor his zest for high technology companies. "I wouldn't change it," says Gooding, of a life that keeps him commuting between California and Cambridge.

Chunnel man

Another shot in the battle for the Channel link with Europe has been fired with the appointment of Robin Biggam, former finance director of Dunlop, as chief executive of Euroroute, the Trafalgar House-backed consortium planning a bridge and tunnel project which will cost several billion pounds.

The appointment of Biggam, a modest 46-year-old Scot ("from somewhere near Glasgow," he says) comes as no surprise to those involved in raising money in the City. The figure he will have to find in the Square Mile is over £2bn (a similar sum from French sources) if the Government gives the consortium the go-ahead.

His track record is not bad. He is a recently-appointed director of Abbey Life, whose £243m shares offer has just had £4.7bn of investors' money chasing it.

Biggan is reported as describing himself as "a member of Michael Edwardes' A Team," but now he says: "That wasn't me—it was Channel Four." But he was one of a group of bright people brought from ICL to Dunlop by Edwardes and his career has not suffered as a result.

Euroroute's plan for the Channel link involves road bridges and islands with a rail tunnel and is backed by Trafalgar House, John Howard, British Shipbuilders and British Steel together with major French companies.

Taxing task

Chancellor of the Exchequer, Nigel Lawson, has obviously been badly stung by suggesting that his tax-reforming zeal has been blunted by the political pragmatism of the Prime Minister.

Following a recent feature in the FT comparing Lawson's record unfavourably with the proposed overhaul of the U.S. tax system, the Chancellor has ordered his civil servants to draft a comprehensive rebuttal.

A draft letter, addressed to the FT's editor, has been on the Treasury notice-board for more than a week now. Treasury and Inland Revenue officials have been asked to dig up as many examples of the Government's successes as possible.

I wonder why it is taking so long.

Observer

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Politics Today

Mr Lawson says 7 per cent is only a blip

By Malcolm Rutherford

Chancellor Lawson: eye on wage settlements.

MR NIGEL LAWSON, the Chancellor of the Exchequer, ought to be in deep political trouble. The inflation figures, to be published later today, will show the retail price index rising by an annual rate of more than 7 per cent, thus apparently undermining one of the Government's main achievements.

Not many of the other economic indicators look all that good either. The money supply seems bloated, almost whichever way you measure it. The unemployment figures look worse than ever. Even Mrs Margaret Thatcher, the Prime Minister, remarked on television the other day that every time she looked at the front page of a newspaper there was a story about lay-offs by a major British company.

The prospects for substantial cuts in public expenditure in the annual spending review to be undertaken later this year — later, one suspects, than usual — are remote. Almost every Government statement nowadays seems to carry the implication that spending will rise or, at the very least, it will not be cut.

Even the reduction in base rates by Barclays and the Midland Bank on Wednesday is heralded inside the Treasury as a sign that they are moving into line with their competitors rather than bringing interest rates significantly down. (They did, after all, cut by only one quarter of a percentage point.) Bigger cuts have been deferred, at least until the end of the summer. So, naturally, has a cut in mortgage rates. A reduction in personal taxation is off the political agenda as well, at least for a year or so.

There is also the political mess. Chancellor Lawson and Mr Norman Fowler, the Secretary of State for Social Services, are presented in public as quarrelling over the social security review, and though they may be now reconciled, they did not work very well together at the time.

Not the smallest matter: Ministers and would-be Ministers are uneasy about the forthcoming reshuffle. Mrs Thatcher has said that it will not take place until the Parliamentary recess, which would be according to character, but it still does not stop people thinking about it. You might not put quite the energy and the creativity into a proposal for the next parliament session, if you think the cast is going to be different.

Yet there is another way of looking at it. It is possible that here is a government, a Prime Minister and a Chancellor, knowing that they are in difficulties, some of them of their own making, and trying very seriously to ge out of them in order to recover to win the next general election and secure almost 15 years of Conservative rule.

Since few people jump voluntarily from a cliff, that seems to me to be quite the most plausible view. Whether the Government will pick itself up is another subject, but it should be taken as given that what it does in the next few months —including the nature of the reshuffle—is crucial to its electoral chances.

Not all the signs are bad. Attention might focus today on the retail price index, but there was another indicator earlier this week which was much more in line with the Chancellor's hopes of bringing down inflation to around five per cent by about the turn of the year. Producer prices rose by only 3.6 per cent in the 12 months to May, the lowest rate of increase since early 1981. Presumably that suggests that the present surge in the RPI is only a temporary blip.

Something else seems to be happening, too. The rise in the rate of inflation does not yet seem to be reflected in the level of wage settlements. It may be that the country's inflationary expectations have become fixed on an annual increased in the RPI of around 5 per cent. If the present upward trend is reversed within a month or two, perhaps it will not register too deeply with the electorate.

There could be a further factor. Chancellor Lawson notes that wage settlements are no longer as bunched as they used to be: the Ford workers coming first in September, for example, and setting the pace for the rest. They are now much more spread out, possibly in response to the Government's efforts to decentralise wage bargaining and trades union activities. If that is right, the Government might not be in for the return to the kind of leapfrogging settlements that has sometimes been feared.

There is also a snag, however. If inflationary expectations have stabilised at around 5 per cent, it is going to be exceedingly hard to make the next move of getting them down further, which was what the Chancellor originaly promised. Zero inflation, or stable prices, was the proclaimed goal. It now appears to be acepted—though no one is going to stick a name to this—that it may be difficult to go much below 5 per cent this side of the general election. The best that can be hoped for is a clear resumption of the downward trend. It is not impossible, though the Government recognises that it has an awful lot at stake in seeking to bring it off.

There have been other recent signs of consolidation rather than the pursuit of more radical objectives. For instance, Mr Michael Heseltine, the Defence Secretary, gave a straightforward exposition of the case for preserving the status quo in the defence debate on Wednesday. "If it is not necessary to change," he said, "then why we should contemplate change?" The Duke of Wellington could hardly have put it more plainly.

The theory is that defence policy is fine. The big decision was taken when it was agreed not to continue with the Nato guidelines of increasing expenditure by 3 per cent a year in real terms—something which the Americans have now followed, much to the Treasury's releif. All that is necessary in the next two years is to manage defence spending more efficiently.

There appears also to have been an agreed compromise—or rationalisation—on mortgage interest rate relief: it will not be abolished, but at least there is a limi on it, and its value will come down in real terms with time (another acknowledgement of inflation).

Again, there is a claim that the Chancellor and Mr Fowler have made up their differences over the social security review. There will be some savings, but not a great deal more than the £½bn a year on housing benefits than Mr Fowler has already suggested. The absence of figures in the review is said to be partly due to the temporary blip inflation, for the RPI level in May affects the level of pledged social security benefits.

The Chancellor says that it was precisely because he saw the blip coming that he raised the contingency reserve so sharply in the Budget last March. It was to provide for the uprating of benefits, to take account of higher interest rates and — to some extent — to pay for the remaining costs of the coal strike. It was not to buy off the teachers' dispute, which is something that will go into the budget next year if that is the chosen way out.

Nevertheless, there is a new note of relaxation in the approach to public spending in general. It is now being stressed, for example, in a way that it was not before that the Public Sector Borrowing Requirement is coming down steadily as a percentage of gross domestic product. The implication is that an overshoot may have to be lived with, even presented as a blessing.

This year's public expenditure review will still be tough. It will have to be if the Government is to be remotely within its target. But the emphasis seems to have changed. It is said that the easy things have been done; the hard things can only be properly done immediately after a general election. The task now is not so much to cut as to prevent spending rising faster than otherwise it might, but also to take a sharp attitude to new bids for money.

The procedure for the review has still not been settled. It looks as if it will back on Lord Whitelaw and the Star Chamber. Lord Whitelaw said last year that the process was unsatisfactory and should never be repeated. In the meantime, however, nobody has come up with any better approach.

The Chancellor thinks that there must be some intermediate stage between discussions among Treasury and spending Ministers before decisions go to the Prime Minister and (in so far as they do) to the full Cabinet. So although he has not yet said "yes," Lord Whitelaw seems as if he will be a reluctant recruit.

Does all that amount to a victory for the consolidators over the radicals? The terms are not completely suitable. It is, after all, possible to be a radical on one subject and a consolidator on another.

One senior Minister puts it like this: "There are those of us who are trying to make changes for the better and those who just want to keep the show on the road. It is more of a spectrum than a divide." On that basis, Chancellor Lawson, Mr Fowler and Mr Heseltine would all be in the same camp.

What does seem to have changed is the pace. There is a realisation that the Government cannot do everything at once, that it must make a more sensible choice between priorities, that the next manifesto ought to be better thought out than the last, and that the past two years have not gone entirely well.

The style so far remains much the same. One would still expect most key economic decisions to be taken bilaterally by the Prime Minister and the Chancellor. Between them — and Lord Whitelaw — they are going to have to try to put the act together, as well as to try to produce the cuts before the next election if they possibly can. That is a pledge which will be very hard to get out of.

Lombard

Pushing Japan too far?

By Jurek Martin in Tokyo

JAPAN-BASHING is in vogue again, is probably about to get worse and is, on occasion, eminently justified. But at least two recent resurgences of old foreign demands on Japan seem to go too far in encroaching on national sovereignty—that is, a country's right, even in our interdependent world, to determine how it conducts its affairs.

The first, now emanating from Washington but long on the EEC's grouse list, calls for wholesale reform of the Japanese Large Scale Retail Store Law. Nakedly designed to protect 4m plus small shopkeepers, it places limits on the number of supermarkets that may be opened in any given area. The standard foreign criticism is that this further complicates an already complex distribution system and thus compounds discrimination against imports.

The second is that foreign lawyers be allowed to practise in Japan. Only a handful of expatriate old hands have escaped, under a grandfather clause, the ban on foreign lawyers imposed 30 years ago, partly in reaction to the U.S. occupation. The U.S. now contends that the exclusively Japanese nature of its legal system constitutes another non-tariff barrier against the free flow of services.

Cultural differences and preferences have long been at the root of Japan's apparent lack of propensity to import. There is indeed a fair internal debate over the extent to which these factors need to be changed to make Japan more internationally responsible. Selectively and sensibly applied foreign pressure will be invaluable in this process.

But it is very hard to see how Japan will be the net beneficiary of having the equivalent of a Safeway on every corner or a shoal of legal sharks cramming up every courtroom. The efficiency of supermarkets might well bring down the cost of commodities to the consumer, but the cost, in terms of unemployment and the damage to social intercourse inevitable from the decimation of the small shopkeeper, would surely be inordinately heavy.

There is no hard evidence elsewhere in the world that these costs can be avoided—and most countries would willingly swap a bit of presumed efficiency for Japan's 2.6 per cent unemployment rate. In any case, Japan's current prosperity, which brings benefits as well as problems to other countries, is predicated on a lean manufacturing sector being subsidised by over-employment and relative inefficiency in the retail and services industries. It is a sound national policy.

Equally, cases can be made against the Japanese legal system, that it grinds too slowly and that it is insufficiently expert in growing areas like international finance. But it seems an inherent characteristic of modern Japanese society, which is noteably crime-free and stable, that the law is used as a last resort, only when all other forms of social intermediation and negotiation have failed.

Western law is based on precepts and principles which the pragmatic Japanese, accustomed to consensus and compromise, find inflexible and curiously irrelevant. Even the notion of legal precedent is viewed here more as an interesting abstraction. Yet Japan remains a conspicuously law-abiding society and, in commerce, not one with a chronic record for breach of faith or contract.

Unravelling the warps and woofs of Japanese society, of which the retail trade and the absence of litigiousness are important elements, is a dangerous road to travel. Persuading Japan to open up is a legitimate goal but the scattershot technique now so prevalent in the U.S. — and perhaps Europe — implies not merely reasonable change but international homegeneity; "be like us, or else" appears to be its watchword. It is arrogant, shortsighted and counterproductive.

Letters to the Editor

Is the veto illegal?

From Mr A. Turner QC, MEP.

Sir,—I wrote to you on December 24 concerning the likely outcome of the European Parliament's case against the Council of Ministers on the implementation of a common transport policy so far as the veto is concerned.

I believe, although much consideration of the full implication of the case issued on May 23 will be required, paragraph 48 of the judgment means that the Council of Ministers may not justify a failure to act where required by the Treaty to act by a qualified majority on political difficulties. The present informal so-called "veto" procedure amounts to this: a qualified majority of member states wishes to adopt a certain proposal; a minority (less han a qualified blocking minority) does not wish to have the proposal adopted. Whereupon the majority voluntarily agrees to withhold its vote to accommodate the minority. If it withholds its vote indefinitely rather than merely for a reasonably short period of time (while negotiations may continue to try to find a compromise) the result is what is commonly called the application of the veto by the minority.

According to the judgment, it would seem that if the Court asked the Council why it had not adopted a measure concerning the matter in question, the Council would reply that it "did not take a vote." It would add that the reason why it did not take a vote was an internal one irrelevant to the Treaty of Rome. In fact the reason was that politically it did not wish to vote.

Paragraph 48 of the judgment appears to say that such a response is no justification for a failure to act. If this is indeed so, I believe that the Court has ruled implicitly that the so-called "veto" procedures of the Council of Ministers are contrary to the Treaty of Rome. This is only my personal and preliminary view, but it is a sufficiently significant possibility to require urgent consideration before the Milan summit.

Amedee Turner,
3, Montrose Place SW1.

Pins and needles

From Jacqui Lait

Sir,—When I completed my application for Abbey Life shares I pinned my cheque to the form. By all accounts I am not the only applicant and it occurs to me to wonder why "pins" need to be used for this most mundane of tasks. Technology has, of course, revolutionised the process of holding two pieces of paper together. We have the paper clip and the staple.

I have visions of clerks with blood-stained pincushions for fingers. I have a vision of a backroom somewhere containing only pins from share applications. I can see that the companies really run a haberdashery business—not insurance, telecommunications or car manufacturing. I have dark suspicions that the pins are re-cycled, sold on the Metal Exchange and it's all a plot by the pin manufacturers to keep up their share prices.

Am I wrong?

Jacqui Lait.
605 Gilbert House,
Barbican, EC2.

Executive cars

From Mr B. James

Sir,—I read the survey on executive cars (June 10) with interest. Your contributor, George Graham, described the tax cost to employees who get a company car. In the course of his piece he asserts that the scale charge on which tax is assessed to employees on their company cars covers all expenses relating to the car that are paid directly by the employer, and the employee is not liable to any further tax because of these extra expenses. He goes on to say that if the employee pays the bills himself, being reimbursed later by his employer, then these expenses will be treated as a taxable benefit on top of the scale charge. This is just wrong. A scale charge made to an employee for the private use of the car precludes any further charge which would otherwise be occasioned by way of reimbursement of expenses.

I agree with your contributor that the company car is still a bargain. I am not, however, convinced it is a bargain which the employee is getting. I know that from experience if I were to give up my company car and have the cash cost that the employer incurs in running the car paid to me as increased salary even after PAYE tax, I would be somewhat better off by having a small car to drive myself the short distance to and from work and to take me on my small amount of annual business mileage. I would be substantially better off if the opportunity for enhancement of pension were to be taken into account.

No sir, the company car is a benefit for the employers made even more attractive by the changes in Social Security legislation coming into force on October 6 1985.

Bryan James.
Stones Throw, Pyrford Heath,
Pyrford, Woking, Surrey.

Who's been spying in my bed

From Mr D. Sinclair

Sir, — Robin Lane Fox (June 12) has been spying again! If he chooses to hide behind a tree or clump of nettles near my garden for the second year running in order to glean material for another criticism of my lawn, he might at least split his fee with me. Alternatively he could give me some warning of the article so that at least Veronica (sorry, I mean "my wife") and I could go away for a few days to avoid again being called rude names — Sloane-Wally — by our more green-fingered friends.

If he claims that he has not been sneaking around in Hampshire then you ought to offer him the post of the Financial Times' resident clairvoyant. How about Madame Lania Fox or Madame Robinia? Which reminds me, after two failures in 1983, this year's Robinia seems to be flourishing; did he notice it on his visit?

David Sinclair.
Vine Farmhouse, Isington,
Alton, Hants.

Over-funding is getting an unessarily bad name

From Mr G. Davies.

Sir,—Mr J. C. R. Dow's letter on monetary policy (June 11) was a good deal more measured than some of the recent criticisms of monetary control methods which have been circulating in the City, and occasionally appearing in your columns. He argues that the alternatives to broad money targets, with the attendant need for over-funding are to adopt a narrower target such as M1 and to make the exchange rate target more explicit.

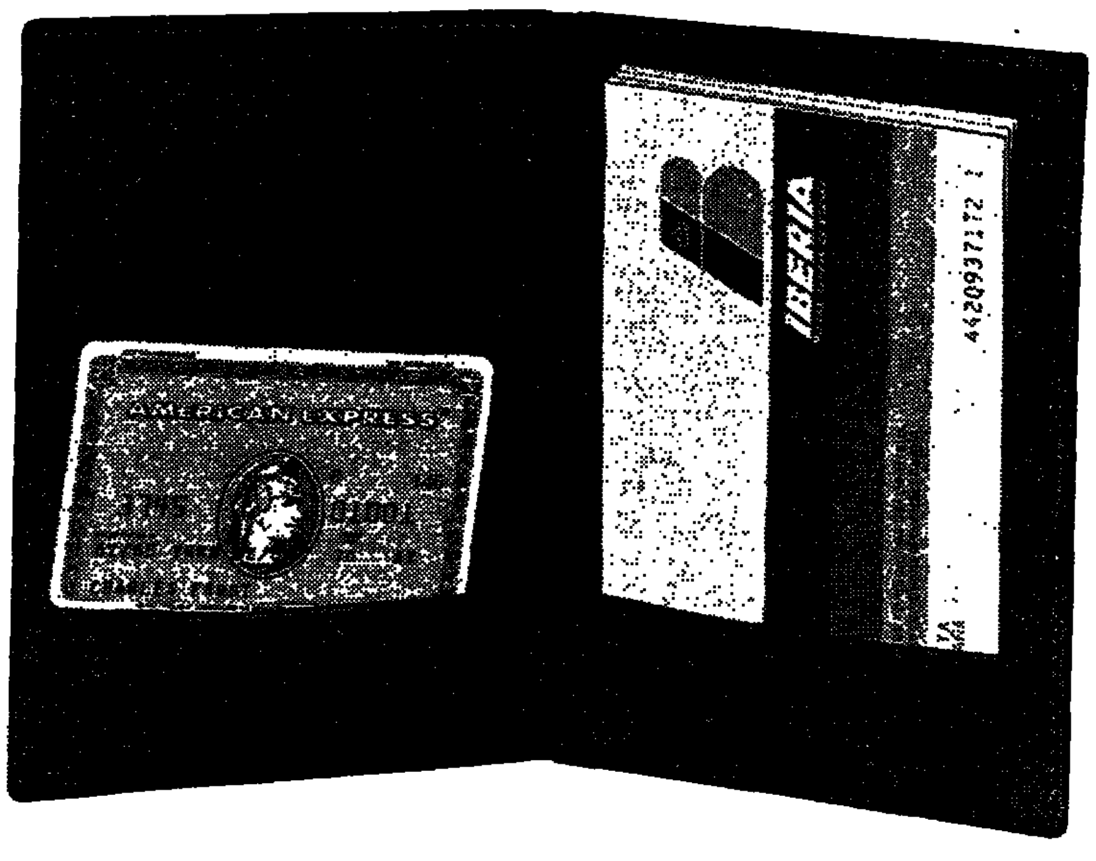
The broad money aggregates may often prove difficult to control, but this in itself is no reason to abandon them. They still provide, in my view, the most useful indicators of how monetary trends are developing in the UK, since they are directly affected by two important determinants of nominal spending, namely the PSBR and bank lending. They also, however, contain interest-bearing elements which are clearly viewed by the private sector as part of their wealth portfolios, and not simply as transactions balances. Movements in total wealth should therefore be taken fully into account when setting such targets. Despite rapid growth in broad money in the past 12 months, money/wealth ratios have stayed remarkably stable. This suggests to me that the 6-10 per cent £M3 target has been set too tight, and that it should be increased by perhaps 2 percentage points to accommodate the wealth-induced increase in the demand for money. The Chancellor may be tacitly admitting this by allowing above-target growth at present.

Over-funding is getting an unnecessarily bad name. As Mr Dow says, the process has been successful in persuading the non-bank private sector to swap liquid assets (i.e. bank deposits) for much less liquid assets (i.e. gilts) and it has therefore contributed to the control of important private liquidity ratios, such as the money/wealth ratios mentioned above. It is by no means clear that any other way of controlling liquidity could have been found without dampening the output recovery, which has been mainly fuelled by private credit.

A shift to narrow money targets may be desirable from the point of view of controllability, but it is highly dubious how much this actually achieves. Does it really make any significant economic difference if people are induced via an increase in interest rates to shift their transactions balances from a non-interest to an interest-bearing cheque account? Surely not. Abandoning £M3 in favour of (say) M1 would replace an important but uncontrollable variable with a controllable but unimportant one.

An explicit exchange rate target may be equivalent to domestic money targets in the very long run in many models, but academic work has shown that it produces different economic responses in the face of different types of economic shock. Aiming for stability in the domestic economy, either in terms of prices or output, requires the use of different targets for different shocks. The present blurred mixture of sterling and monetary targets can have distinct advantages, since it enables the Government pragmatically to set policy according to what type of shock is thought to be dominating at any time.

Gavyn Davies,
(Chief UK economist),
Simon & Coates Economics,
1, London Wall Buildings,
EC2.



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FINANCIAL TIMES

Friday June 14 1985

BELL'S
SCOTCH WHISKY
BELL'S

Fresh price rises draw immediate protest, reports **Jimmy Burns in Buenos Aires**

Argentina extends austerity programme

THE ARGENTINE Government has announced increases of between 20 and 40 per cent in the price of fuel and public utilities and indicated that further measures are on their way in a determined effort to push ahead with the austerity programme sought by the country's creditors.

The measures have drawn immediate protest from trade unionists and opposition leaders, indicating that President Raul Alfonsin faces major political hurdles in the weeks ahead.

The public debate over the Government's apparently determined switch from populism to financial orthodoxy intensified yesterday following the release on Wednesday night of the memorandum of understanding which forms the basis of the agreement with the International Monetary Fund (IMF).

The memorandum pledges to cut the country's 1,000 per cent inflation rate to 150 per cent by the end of the first quarter of 1986. The drastic reduction assumes that the monthly inflation rate will jump to 28 per cent this June as the result of tariff rises and Tuesday's 15.27 per cent devaluation of the peso and that thereafter the rate would be reduced by 2 per cent monthly until dropping to a target figure of 8 per cent in April next year.

The main innovation of the memorandum is that the Government has dropped any specific reference to economic growth and instead placed the emphasis on stabilisation as the solution to what it refers to as a "profound economic crisis" confronting Argentina.

Venezuela has embarked on a policy of economic expansion designed to produce growth of between 2 and 3 per cent this year, the first real increase in GNP for six years, Sr Benito Raul Losada, governor of the central bank, said in London. Unemployment is running at 13 per cent and both the government and the central bank want to see more activity in the private sector.

"Faced with a situation of accelerating inflation, the Government has decided to give priority to its stabilisation efforts: the aim is to first control the inflation rate, simultaneously adjusting relative prices, to subsequently put the economy on the path to a rapid deceleration of inflation ...," the memorandum says.

Significantly the Government recognises that a more restrictive wages policy along with a trimming of employment in the public sector will play an "important role" in achieving a budget deficit target of 5.9 per cent in 1985, down from 12.75 per cent in 1984.

However, the Government's determination to stick to its policy of readjusting monthly wage increases on the basis of 90 per cent of the forecast inflation rate rather than attempt resurrect last year's ambitious target of raising real salaries by 6 to 8 per cent could provoke serious strike action by the unions.

The main trade union organisation, the General Confederation of Labour (CGT) strongly criticised the IMF agreement on Wednesday night and threatened a new "plan of action" similar to that which culminated in a national strike last month. It appealed to all sectors of Argentine society to support a programme of economic recovery "diametrically opposed to that agreed with the International Monetary Fund."

A new "forced savings" tax estimated on property, income and capital gains, along with increased fuel taxes, higher import duties and a crackdown on tax evasion are among the measures expected to have a total revenue raising effect equivalent to 2.5 per cent of GDP. However, the Government accepts that other measures may have to be implemented if the new taxation is not approved by parliament.

On expenditure, the memorandum estimates that the Government will be able drastically to reduce subsidies to state companies by raising the prices of fuels and public utilities in the second half of 1985 by an average of 33 per cent in real terms compared to the same period in 1984. The aim is to eliminate the deficit of state companies which last year was equivalent to 2 per cent of GDP.

The Government is deliberately ambiguous on the politically sensitive issue of provincial administrations, all of which are virtually bankrupt and in desperate need of new funds. Also, although it speaks boldly of financial reform, it makes no mention of the recent collapse of the Banco Italia y Rio de la Plata or the effect this might have on Treasury resources.

The memorandum says that the drop in U.S. interest rates in recent months (compensating for a fall in commodity prices) should continue to bring about an improvement in the current account of the balance of payments, which will be reduced to $2bn in 1985 from $2.5bn in 1984.

The programme allows a phased reduction of debt service arrears from a peak of $4.1bn in December 1984 to $1.1bn in December 1985, bringing debt service arrears fully up to date by March 31 1986.

The memorandum assumes that the IMF will disburse its stand-by credit which was frozen at the end of last year; that commercial banks will complete their $4.2bn loan package; and that Western governments will come forward with bridging finance to cover the country's immediate needs – although it does not foresee any major new borrowing beyond this.

Significantly the memorandum was released officially almost simultaneously with a letter sent to the Argentine Government earlier this week by the U.S. Treasury. The letter expressed the U.S. Government's "satisfaction" with Argentina's agreement with the IMF and confirmed Washington's disposition to lead a bridging loan agreement of "approximately $450m."

According to Argentine officials the loan negotiations should be concluded by this weekend thus avoiding the country's debt being declared value impaired by U.S. Government agencies responsible for supervising the banking system.

However, lack of domestic confidence in the Argentine Government's new economic programme has been reflected this week in the continuing speculation against the peso on the black market following the official devaluation. By midday yesterday exchange dealers were reporting that the black market rate for the peso had hit a new record of 1,000 to the dollar, increasing the gap between it and the official rate to 27.5 per cent.

The latest slide on the exchange markets came as Sr Guillermo Alchouron, the president of Argentina's main farmers association, claimed that the beneficial effects of the devaluation had been largely cancelled out by the announcement of a 10 per cent increase in the surtax on exports of commodities and manufactured goods – a measure defended by the Government as consistent with its main priority of reducing the budget deficit.

Venezuela aims to boost growth, Page 5

THE LEX COLUMN

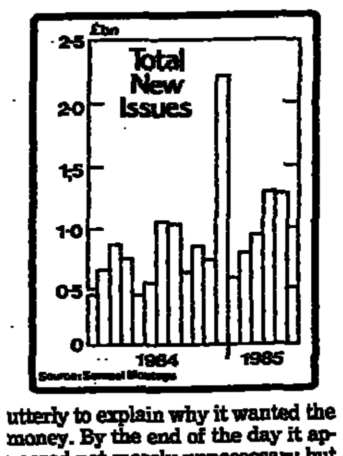
Salvesen comes in from the cold

The City of London has become so gluttonous of late that it has taken to sniffing out food activities even in a business like Christian Salvesen that does a lot of other things. Were Salvesen a pure food distribution and storage service for the likes of J. Sainsbury or Marks & Spencer, it could effortlessly attract the historic price earnings ratio of 15 proposed in yesterday's prospectus. As it is, Salvesen makes bricks and hauls coal. These operations would normally command a lower multiple even if they did not include the occasional eccentric investment.

Yet in a long and far from dour history, Salvesen has transformed itself from a shipbroking and agency business to one that now derives the bulk of its profit from handling food for other people. There have been countless wrong turnings, with a dozen businesses discontinued since 1980 and a strong element of recovery in what is an impressive four-year profits record. The clarity of Salvesen's accounts would shame many a company in public hands for a generation.

The food distribution business accounts for half of the food division that has shown compound growth of over 40 per cent since 1982 and clearly justifies the City enthusiasm. There is growth here as the large retailers struggle to reduce stock-turn times through centralised distribution, even if these customers start to cast a jealous eye over Salvesen's published returns on capital employed. The remaining businesses get less interesting as they get smaller, although Salvesen is moving swiftly out of the moribund first-time house buyers' market. What Salvesen is doing with U.S. oil and gas plays is anybody's guess.

Given present fashions, Salvesen's owners may have shown a prudent restraint (or just respect for capital gains tax) in settling for about 12 times 1986 earnings, which seems right. For all the excitement of the aftermarket, Hillsdown Holdings is now right back at last February's 145p strike price.



Taylor Woodrow

Taylor Woodrow's contracting expertise does not extend to building bridges to the City of London. Yesterday morning it launched what appeared to be the most unnecessary rights issue of 1985 and then compounded its problem by failing utterly to explain why it wanted the money. By the end of the day it appeared not merely unnecessary but inept. The share price lost 36p to close at 412p.

In its last accounts, Taylor Woodrow showed liquid resources of £85.6m and debt – including $19.7m of convertible bonds – totalling £54.8m. The company is not exactly strapped for cash. It intends to use the rights proceeds to develop its UK property portfolio, an exercise which even fairly highly-geared property developers would conventionally fund through bank dept, debentures or – at a pinch – convertible loan stock.

Taylor Woodrow sees the situation rather differently. It argues that the cash resources are required to support working capital in such far off places as the U.S. and Australia. Given that yesterday's rights issue will produce earnings dilution of around 5 per cent and asset dilution of more than 6 per cent, the group's reluctance to call its bank manager for a loan will not easily be forgiven.

Nixdorf

Rights issues from computer companies may seem not quite the order of the day, when even IBM has confessed to worrying at the state of demand and the smaller fry have been dropping like flies everywhere from Palo Alto to Cambridge. Yet Nixdorf's call for DM 720m – expanding its equity by a third – looks pretty neatly pitched to the needs of the Frankfurt market, where domestic German institutions have been taking more interest in equities recently but remain curiously starved of "pure" technology stocks in which to put their money.

Nixdorf is not exactly at the technological frontier of computer hardware, but it does possess an exceptional ability to market hardware as the vehicle for its business software, in which it has developed a strong customer base in specialised applications – particularly banking. To some degree that may protect Nixdorf from the order-deferrals which have been spreading across the hardware industry in the last few months – but if IBM is catching chills, Nixdorf is right to be wrapping up warm.

The rights issue is anything but a surprise: plans to invest in more technology (including chip manufacture) may be cash hungry, and international marketing expansion clearly will be. And with cash flowing out in both these directions, Nixdorf's reported ideal of a debt-free balance sheet, surely unique in a German context, implies that large rights issues are likely to become a habit.

Redland

The miserable winter weather put paid to Redland's hopes of full-year profits in the £110m region and, with West Germany once again experiencing a sharp fall in construction activity, the group looks set to make very little more than that in the current year. The use of average exchange rates for profit translation added £3.2m to the pre-tax figure but, on any accounting basis, the year to March was pretty dull. After two years of striking progress, reported profits rose only 15.4 per cent to £108.2m pre-tax.

The UK result might have been £6m better but for the weather, the miners' strike and exceptional costs in the roof tile business but, with another sluggish year in view, that is not much consolation. Redland's product mix and geographical bias should ensure a higher profit from aggregates in the UK, while Lord Hanson's willingness to increase brick prices will do his competitors no harm at all. But the lower cost base in roofing tiles may only just offset the effect of falling volume, and overseas Redland is sure to record lower profits. The U.S. will be ahead but West German earnings may fall by a quarter and the weakness of the Australian dollar will erode any local progress. Redland is a strong company, financially and commercially, but for the moment a prospective p/e of just under 10 at last night's price of 282p – looks about right.

UK groups abandon satellite TV plan

By Raymond Snoddy in London

BRITAIN'S attempts to set up a £500m ($630m) direct broadcasting by satellite (DBS) project have finally collapsed.

Representatives of the 21 organisations brought together by the UK Government to run three new television channels from space decided unaminuously yesterday that they could not go ahead with the project.

The representatives agreed that the financial risks were too great and the potential demand too small to go ahead.

Mr Stuart Young, chairman of the BBC, which was to have a 50 per cent stake in the project, has been asked to write to Mr Leon Brittan, the Home Secretary, telling him of the consortium's formal decision within seven days.

Britain will now be left on the sidelines as France, West Germany and Japan, all well advanced with DBS plans financially supported by their governments go ahead with their projects. The decision will come as a blow to the UK Government which has spent more than two years trying to get the project going.

The decision will also be a blow to United Satellites (Unisat), the British Telecom-British Aerospace-GEC Marconi company set up by the Government to build the British DBS satellites.

It is believed that Unisat has spent around £50m on the project.

The UK electronics industry was also hoping to have a significant market manufacturing the receiving equipment for DBS. It is not clear what the Government will do now. But earlier this year Mr Giles Shaw, the Home Office minister responsible for broadcasting, warned that if the present DBS consortium did not go ahead the Independent Broadcasting Authority would be asked to re-advertise the franchise.

Yesterday's meeting had before it reports from Telesat, a Canadian satellite consultant, and S. G. Warburg, the merchant bank, comparing costs of Unisat and Britsat, its rival offering U.S. technology.

In the end, any difference in cost between the two was considered irrelevant – the risks of the project under any system were seen as too high.

EEC 'needs new steel output cuts to balance demand'

BY PAUL CHEESERIGHT IN BRUSSELS

SEVERE ADDITIONAL production cuts in the EEC steel industry, not far short of those already made in the first half of the decade, will be necessary to bring output and demand into balance by 1990.

This is made clear by the European Commission in the publication of the full text of its General Objectives Steel 1990.

Hot rolled production capacity will need to decline by a further 24.5m tonnes, on top of cutbacks of 28.4m tonnes between 1980 and mid-1985, as part of the overall EEC emergency controls and restructuring programme laid out in 1982. This provided for capacity cuts of 30m-35m tonnes by the end of this year.

"The attempt to adjust supply to demand will have to be continued and will involve substantial rationalisation in the short-term; many firms will not be able to ensure their long-term viability in such a climate, especially as the natural move to improve the productivity of already profitable installations will continue," the Commission warned.

The specific estimates spring from an assessment of market trends and consumption patterns. They provide what the Commission calls the "macroeconomic framework" in which the industry must work out its strategy.

In fact it will be the politicians who decide the strategy. Over the next few months industry ministers will have to decide how, or whether, they will dismantle the system of production quotas and price controls. This is due to end on December 31, the deadline for the abolition of subsidies to the steel industry.

The situation within the hot-rolled sector varies from product to product. Although the Commission expects utilisation of plant for wide and narrow strip to be above 70 per cent, the minimum necessary according to steel companies, bringing the rate up to 80 per cent, would involve a 9.3 per cent capacity reduction.

And in long products, only the wire rod sector seems to be improving, the Commission said. But wire rod can be made in concrete reinforced bar plants, where there is overcapacity and the supply-demand balance could be upset.

The conclusion drawn from all of this is that company "investment policies will have to be directed principally at consolidating the factors which are likely to improve profitability and product quality, avoiding any increase in the level of production capacity."

Although calculating future trends is extremely difficult – demanding assessments of economic growth rates, currency fluctuations and so on – the Commission believes that the 1984 production level for finished products – 103m tonnes – is a ceiling for output under good economic conditions. Within that:

- The trend for unprocessed products like ingots and semis is downwards.
- The trend for long products is stagnant but wire rods are doing best.
- Flat products could be stable and there might even be growth in coated sheet.

The problem is to work out the balance between demand, set off by economic growth, and the tendency anyway to use less steel.

"In a climate of investment-led growth, most of the steel processing sectors should be able to sustain growth during the second half of the 1980s, but at rates which will not suffice in all cases to offset the effects of a still-declining specific consumption of steel. It can be expected therefore that between now and 1990 steel consumption will not exceed the level it reached in 1984," the Commission said.

Steel production actually rose 10 per cent above 1983 during 1984 but largely for products with a higher added value. But it was a blip on the curve, said the Commission, and seen on a longer perspective that curve was fundamentally downwards.

BASF to aid China on floppy disk plant

By John Davies in Frankfurt

BASF, the West German chemical group, is to help China build a plant to produce floppy disks for storage of computer data.

The plant will meet a growing demand for means of magnetic storage of data in China, which is making increased use of small computers.

BASF, which already exports magnetic storage devices to China, has signed a contract with the country's Electronics Import and Export Corporation to help build a plant at Shenzhen in the Guangdong special economic zone.

The plant will have capacity to turn out up to 1.8m floppy disks a year.

In a separate deal, the West German company is to help the Chinese to build a plant to produce TDI, a material used in making polyurethane plastic foam. This deal, with the China North Industries Corporation, envisages a plant at the Lanzhou-chemical complex able to produce up to 20,000 tonnes of TDI a year.

The two deals are worth a total of DM 56m ($18m) to BASF, which has long cultivated business contacts with the Chinese. In both cases, the Germans will provide the technology, plan and supervise construction and deliver key equipment. BASF will also train Chinese personnel at similar plants operated by the company.

Like other sectors of West German industry, the chemical companies have been actively seeking business in China in recent times.

UK rejects cut-price power

Continued from Page 1

then short of generating capacity. France's nuclear power programme has since changed the situation.

M Boiteux said France was willing to sell power to the UK under two different financing packages. One would offer a baseload or continuous supply at little over the French average nuclear generating cost of FFr 0.24 (2½ cents) per kilowatt hour.

A second possibility, already exploited in EdF agreements with other foreign buyers, would enable Britain to obtain additional power for peak periods at prices close to EdF's marginal cost of production.

EdF's marginal costs (not including capital charges and general overheads) for nuclear output are only FFr 0.18 per kWh.

In practice M Boiteux said EdF normally splits the benefits of such deals with foreign purchasers, so that a buyer whose own alternative marginal output involves buying coal, typically at a cost of FFr 0.16, would receive French supplies at FFr 0.12 per kWh.

On either basis this would represent an extremely attractive offer to the UK. According to its own recently published figures, the CEGB's major coal-fired stations generate electricity at between 2.32p (2.9 cents) and 2.56p per kWh. The figure for oil capacity is between 4.3p and 5.79p.

On the marginal costs deal, French supplies at 1p per kWh would be around half the cost of buying coal for equivalent output at a UK coal station.

Mr Bonner acknowledged that the proposed Edf prices significantly undercut domestic UK costs.

He said that intially, however, there was no question of the UK buying baseload power from France. The link would be used for a two-way flow of electricity to balance the different timing of daily peak demand in the two countries.

Mr Bonner said there would also be day-to-day trading between the two countries. This would involve UK purchases of French electricity but could also involve UK transmissions to France in the event of a shortfall in French hydroelectric supplies or a system failure.

M Boiteux said he thought it was only a matter of time before this method of daily trading was replaced by an agreement lasting for two to three months at a time.

Burroughs and Sperry in talks

Continued from Page 1

slowdown because of soft market conditions.

Over half Sperry's revenues come from commercial computer systems, but almost 40 per cent comes from the defence and aerospace sectors, where the group is a leading supplier of radar and other sophisticated electronic systems. Its other main business segment is the New Holland farm equipment group, which last year accounted for 12.5 per cent of sales and accounted for $34m of operating profits, down from $72m the previous year, reflecting the serious plight of the world agricultural market.

While Sperry ranks as the sixth largest U.S. information processing group, Burroughs is number three after IBM and Digital Equipment Corp (DEC), and earns 78 per cent of its revenues in this sector. The company has been struggling to keep up with IBM and recently unveiled a series of new high-end mainframes to answer the challenge posed by IBM's next generation Sierra line due for shipment later this year.

Both Sperry and Burroughs maintain a strong international presence.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	23	73	Dubrovnik	—	—	—	Malaga	—	—	—	Salzburg	C	13	55
Akrotiri	S	27	81	Faro	—	—	—	Malta	—	—	—	Seoul	F	25	77
Algiers	—	—	—	Florence	C	26	79	Manila	C	33	91	Singapore	F	31	88
Amsterdam	C	13	55	Frankfurt	C	13	55	Miami	R	31	88	Stockholm	C	16	59
Athens	S	26	79	Funchal	—	—	—	Milan	—	—	—	Strasbourg	F	17	63
Bahrain	S	37	99	Geneva	S	28	86	Moscow	C	15	59	Sydney	S	16	61
Bangkok	S	33	91	Gibraltar	S	25	77	Munich	R	17	63	Taipei	C	28	82
Barcelona	—	—	—	Guernsey	F	14	57	Nairobi	—	—	—	Tangier	—	—	—
Beirut	S	30	97	Helsinki	C	13	55	Naples	S	24	75	Tehran	—	—	—
Belgrade	S	26	79	H. Kong	C	29	84	New Delhi	S	35	95	Tel Aviv	S	29	84
Berlin	F	13	55	Innsbruck	F	16	61	New York	S	29	84	Tenerife	—	—	—
Biarritz	S	20	68	Inverness	C	10	50	Nice	—	—	—	Tokyo	R	17	63
Blackpool	C	13	55	Istanbul	S	23	73	Oporto	—	—	—	Toronto	R	15	59
Bordeaux	—	—	—	Jersey	S	15	59	Oslo	C	16	61	Tunis	—	—	—
Brussels	C	12	54	Jo'burg	S	20	68	Paris	C	16	61	Valencia	—	—	—
Budapest	R	17	63	Las Palmas	S	23	73	Prague	C	16	61	Venice	—	—	—
B. Aires	F	15	59	Lima	C	19	66	Reykjavik	S	9	48	Vienna	R	14	57
Cairo	S	37	99	Lisbon	F	26	79	Rio de J'o	S	25	77	Warsaw	C	17	63
Cape Town	R	17	63	Locarno	F	21	70	Rome	S	26	79	Zurich	F	17	63
Caracas	R	25	77	London	C	16	61								
Casablanca	—	—	—	Los Angeles	C	28	82								
Copenhagen	C	17	63	Luxembourg	R	11	52								
Corfu	S	26	79	Madrid	S	31	88								
Dublin	C	13	55	Majorca	—	—	—								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

TWA shares suspended

SHARES in Trans World Airlines were suspended on the New York Stock Exchange yesterday amid reports that the U.S. carrier would accept a $790m bid from Texas Air, parent group of Continental Airlines, agencies report from New York.

TWA's board was reported to be meeting to discuss a $23 per share merger proposal. The company would not comment on whether there was a meeting, but said it expected to make an announcement later yesterday.

TWA faces a hostile bid from Mr Carl Icahn, the Wall Street corporate raider. He holds 32.77 per cent of its shares and said several weeks ago that he would propose an $18 a share offer for the rest of the company.

The airline has also been considering a takeover offer by casino group Resorts International which is estimated to be worth $22 a share.

TWA shares closed on Wednesday at $19¾, off $¼ but reopened yesterday at $20, up $¾.

A Texas Air-TWA merger would create one of the largest U.S. commercial airline fleets. TWA's international hub – or connection centre – is in New York and its domestic hub is in in St Louis. Continental's primary U.S. hubs are in Houston and Denver.

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W. German natural gas importer ahead by 18%

BY RUPERT CORNWELL IN BONN

RUHRGAS, West Germany's leading natural gas importer and distributor, yesterday reported an 18 per cent rise in profits last year. It is moreover expecting a further growth in total sales of around 2 per cent for 1985.

Herr Klaus Liesen, Ruhrgas' chief executive, said parent company profits climbed to DM 407m ($132m) in 1984 from DM 341m the previous year.

Of this sum DM 198m is being allocated to reserves. Shareholders which include a wide number of West German and foreign-owned energy concerns, will receive an unchanged payment of DM 9.50 per DM 50 nominal share, but on a capital increased by DM 200m to DM 1.1bn.

The utility's 1984 sales rose in volume terms to 397m kWh last year 9.3 per cent up on 1983. Group turnover advanced by 15 per cent to DM 15.3bn. The exceptionally cold weather of the first quarter of 1985 produced a 5.8 per cent jump in total gas sales.

The Ruhrgas chief also revealed that the group plans to pay DM 70m to purchase two manufacturers of gas meter and control equipment, Elster of Mainz and the Osnabrück-based Kromschoder.

Both companies, which employ between them 1,065 people and have a combined turnover of DM 125m, are currently controlled by Halberghütte, a subsidiary of the French Saint Gobain group.

Over the next few years, Ruhrgas, which obtains two thirds of its gas from abroad, is expecting little major change in supply patterns. Of its total purchases, the Netherlands currently accounts for 29 per cent, the Soviet Union 24 per cent and Norway, whose sales are to rise from 7.7bn cubic metres a year to West Germany to 9.1bn from 1987, about 14 per cent.

According to Herr Liesen, Ruhrgas has scheduled a DM 2.5bn capital investment programme for the next five years. This compared with the DM 637m spent in 1984.

Italcementi plans to treble capital

By Alan Friedman in Milan

ITALCEMENTI, the largest Italian cement producer, said yesterday it was to treble its capital base from L40bn ($20m) to L120bn. This would bring the capital of the company above the level of its total net indebtedness at the end of last year, L110.4bn.

The capital increase of L80bn is to be achieved through the issue of shares tied to a L40bn revaluation of the company's assets and also by way of the offer of 8m new savings shares (on a one-for-one basis) to shareholders. The latter transaction, which prices the shares at L7,500 each, will raise L60bn, of which L40bn will go toward new capital and L20bn into company reserves.

Italcementi, which is 50.4 per cent owned by the Pesenti family's Italmobiliare holding group of engineering, press, property and financial companies, recently reported a 24.8 per cent rise in net profits for 1984, to L26.2bn. The company's 1984 turnover, up 5.1 per cent, totalled L957bn.

Italcementi was the original flagship of the late Sig Carlo Pesenti, the Catholic financier who died last September

Italcementi accounts for roughly one third of Italy's cement output.

Swiss medium-term note market faces shake-up

BY JOHN WICKS IN ZURICH

THE SWISS Government and banking authorities are holding discussions which could lead to a restructuring of the market for medium-term notes, it was announced by the Swiss National Bank yesterday.

A working party consisting of representatives of the National Bank, the Finance Ministry and the country's banking commission are looking at how to improve investor protection in this important sector of the Swiss franc capital market. At the end of the month its proposals will be the subject of talks with the underwriting banks.

Following the gradual deregulation of foreign Swiss franc borrowings, the medium-term note business has experienced a sharp upswing. At present, about 1,000 note issues are outstanding with a total volume of about SwFr 80bn ($30.8bn).

Dr Markus Lusser, vice-chairman of the National Bank, says the question as to whether an increasingly broad investing public "would not be better served by the compulsory issue of prospectuses and increased transparency in secondary markets" has now become a matter of urgency.

At the same time, he stressed that the notes sector should not be subjected to unnecessary hindrances.

The National Bank, which has long called for better information in this field, now supports a virtual splitting of the notes market.

This would mean that what Dr Lusser calls "real private placements," involving the takeover of notes by a small number of selected bank clients, would still be able to be carried out in the present "informal and flexible" manner.

Notes publicly offered through press announcements or widely distributed circulars would be considered public issues. Like similar bond borrowings, these would have to be backed by a prospectus.

Dr Lusser said the Swiss banking commission already had the right under the country's bank Act to inform banks that the public issue of notes by a banking syndicate without corresponding prospectus information was considered an abuse.

Should the National Bank's proposals be accepted, the market would be divided not into bonds and notes, as at present, but rather into a public and a private category.

In order to broaden the market for public issues, Dr Lusser indicated that the National Bank might lift the current minimum lot value of SwFr 50,000 for notes.

The private category would be made up of medium-term notes with such high lot values – Dr Lusser suggested as much as SwFr 500,000 – that secondary-market deals without prospectus backing would be impossible.

Turning to Zurich stock-exchange intentions to list certain notes, he said the National Bank would be in favour so long as there were corresponding prospectuses and prospectus liability on the part of the underwriting banks.

Westland agrees to £89m bid by Bristow

By Lionel Barber in London

WESTLAND, the troubled UK helicopter manufacturer, last night capitulated in the face of the £89m ($112.67m) consortium bid led by Mr Alan Bristow.

The admission of defeat brings to an end a desperate four-week search for a white knight to rescue Westland from the Bristow consortium.

The search involved Westland's advisers, Goldman Sachs and Schroders, scouring the U.S., the UK and continental Europe. Talks with a major UK company broke down late yesterday afternoon signalling the last chance to save Westland's independence.

In a letter to shareholders recommending the Bristow bid, Sir Basil Blackwell, chairman, said: "While the board feel that the long-term future of Westland would be better served by an association with a substantial international business, it is clear that this is not available."

Sir Basil also ruled out any chance of raising money from UK institutions to match Mr Bristow's bid, which is worth 150p a share.

Under the proposed Bristow offer, an alliance of UK institutions, including Montagu Investment Management, Fleming Mercantile Investment Trust, Investors in Industry, Allied Unit Trust and the M&G Recovery Fund, will put up £60m in cash if Mr Brisow's offer succeeds. This now looks a formality.

Last week, Mr Bristow's consortium vehicle, Bristow Rotocraft, revealed that it held 29.49 per cent of Westland, which included acceptances totalling 28.06 per cent of the issued share capital.

Westland has been badly hurt by the slump in the world civil helicopter market. Its troubles were compounded by the recent failure to clinch a £60m order for the W30 placed by the Indian Government.

U.S. legislation on nationwide interstate banking approved

BY OUR FINANCIAL STAFF

THE U.S. House of Representatives' banking committee has approved legislation to permit nationwide interstate banking after a five-year transition period and passed a separate measure to close the "limited-service" bank loophole used by big banks to circumvent the provisions of the Glass-Steagall Act.

The 31-18 vote on interstate banking gave money centre banks new hope following the Supreme Court ruling earlier this week upholding the right of states to introduce regional interstate pacts. The pacts are seen by money centre banks such as Citicorp as a block to their expansion plans.

The bill, which still faces tough hurdles before it becomes law, would permit states to enact legislation authorising bank acquisitions by out-of-state institutions. For five years state legislatures could choose which states to allow into their banking markets.

After July 1 1990, the so-called "trigger date," there would be no barriers to interstate bank acquisitions among states that have any form of reciprocal banking legislation.

The bill, which also applies to thrift institutions, would prohibit mergers that would result in one institution controlling more than 1 per cent of the nation's deposits and would also prohibit mergers among the 25 largest U.S. banks.

Meanwhile Mr James Baker, U.S. Treasury Secretary, told the Senate banking committee that the present banking system was sound and that "the overall health of the banking industry is quite good." Problems that had arisen had occurred, he said, because of disinflation and bad loan judgment rather than because of any "systemic" problem.

Mr Baker said the Administration would favour a five-year trigger – as envisaged in the House Bill – that would allow regional banks enough time to establish interstate banking systems.

The Treasury Secretary said new products and services would enable depositary institutions to compete for customers on an equal basis with less-regulated firms.

Foreign bank earnings soar

BY OUR ZURICH CORRESPONDENT

EARNINGS of foreign banks in Switzerland showed sharp growth last year, with an estimated rate of increase double that recorded for 1983.

Dr Ernst Schaad, chairman of the Association of Foreign Banks in Switzerland, said this was due largely to a jump in commission income from securities trading and underwriting activities.

These operations, which more than offset a drop in traditional interest earnings, were accompanied by a 10.8 per cent rise in combined balance-sheet total to SwFr 102.8bn ($40bn).

Foreign banks again grew at a faster rate than the Swiss banking community as a whole and now account for 14.2 per cent of total balance-sheet assets and a much greater percentage of non-interest business.

The number of foreign-controlled banks and Swiss branches of foreign banks rose last year from 113 to 120, excluding the 34 representative offices. At the same time, the number of foreign-controlled bank-type finance companies went up from 69 to 73.

According to Dr Hans Ulrich Vetsch, association manager, there is likely to be a growth in foreign banks' branches in Switzerland in the future because of the introduction of a new foreign bank Act last July. This makes parent banks' capital resources the basis for risk coverage rather than those of the branch itself. As a result, it is expected that more banks will carry out their commercial credit business through branches.

Although last year was a good one for foreign banks in Switzerland, Mr Jean-Pierre Cuoni, association vice-chairman, called for improved fiscal and legal conditions there. Switzerland, he said, was showing a "below-average growth in real terms in comparison with other financial centres and thus definitely losing market shares."

Specifically, he joined Swiss bankers in proposing the easing of stamp duty and withholding tax regulations and the lifting of the sales tax on physical gold.

Sharp increase for Sonessons after takeover

By David Brown in Stockholm

SONESSONS, the diversified Swedish industrial and holding group with interests in light engineering, biotechnology, pharmaceuticals and medical equipment, reports that earnings, after financial items, jumped nearly 60 per cent to SKr 123m ($13.8m) during the first four months ending April.

Mr Hans Erik Ovin, chairman, predicts full-year results will be "well over SKr 500m against the SKr 373m achieved in 1984, due in large part to his group's acquisition last year of the Gambro Medical equipment company.

Order intake for the first four months climbed from SKr 1.5bn to SKr 2.3bn. The group plans to float its Lion Pharmaceuticals subsidiary on the Stockholm Stock Exchange this autumn but will retain a majority stake.

Spanish utility profit up 13%

BY DAVID WHITE IN MADRID

IBERDUERO, the leading Spanish electrical utility, registered pre-tax profits of Pta 16.06bn ($92m) for last year, an increase of almost 13 per cent over the previous year's figure of Pta 14.24bn.

The Bilbao-based company proposed to raise its dividend to 9 per cent from 8.5 per cent. This means that for the second year running it has escaped dividend limits imposed by the Government on companies in the sector by fulfilling financial and investment conditions.

Last year the Government set a ceiling of 8 per cent on payouts to shareholders unless certain conditions were met, as part of an effort to bring about a restructuring of the sector and to put it on a sounder financial footing.

The restructuring was precipitated by a sharp cutback in nuclear energy plans, reducing projected capacity for the early 1990s from 12,500 MW to 7,500 MW and shelving five of the 10 nuclear reactors which were under construction or on the drawing board. The plants affected include Iberduero's twin-reactor power station at Lemoniz, work on which had been paralysed as a result of terrorist action by ETA, the Basque separatist organisation.

As part of a series of asset swaps in the industry, aimed to bring companies' generating capacity into line with their markets, Iberduero is to spend a total of about Pta 200bn to buy up new holdings,

Chrysler in $160m plant expansion

CHRYSLER, the third biggest U.S. car group, said it would begin work this month on a major expansion of its Sterling Heights, Michigan, assembly plant, Reuter reports from Detroit.

The company plans to invest more than $160m in the project, where its new entries in the compact market – the Plymouth Sundance and the Dodge Shadow – will be built.

Chrysler said the plant currently employed about 4,300 people and had been operating a second shift since February. It said four building additions, totalling 256,200 sq ft, would increase the plant's floor space by more than 12 per cent.

Separately, Chrysler said its Mexican subsidiary and a unit of Grupo Industrial Ramirez had signed a letter of intent for the joint production of medium-sized trucks in Mexico.

Under the agreement Chrysler de Mexico and Grupo's Trailers de Monterrey subsidiary would begin truck production in November 1985 at Trailers' plant in Monterrey.

The companies plan to sell the trucks in Mexico and in other Latin American and Asian markets. Chrysler said the plant would initially employ 1,250 workers. The agreement has still to be approved by the Mexican Government.

INTERNATIONAL BONDS

$200m for Hydro Quebec

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

HYDRO QUEBEC came to the Eurobond market yesterday for a $200m, 17-year floating-rate note that revived the mismatch technique which became fashionable earlier in the year.

Its deal, led by Credit Suisse First Boston, pays interest semi-annually at the six-month bid rate for Eurodollar deposits in London, but the coupon will be refixed each month allowing investors to fund their holding with cheaper one-month money.

If one-month rates are higher than six-month rates, making such funding gains impossible, the coupon will be set at the mean of the bid and offered rates for the remaining coupon period.

Dealers said the pricing appeared on the tight side, although the name was a popular one in the market At the close the bonds were trading at a discount of about 33 points, within their 35 point total fees.

Floating-rate note issues dominated yesterday's activity in the dollar sector of the Eurobond market as prices of fixed-rate issues weakened by around ¾ points on the back of a softer tone in New York.

Also launched yesterday was a $175m, five-year issue for Bankers Trust GmbH which is transferring the proceeds to Isveimer, Italy's regional development agency.

This is believed to be the first time the German "conduit bank" system common in the Eurocredit market has been used on a floating-rate note. It is needed to circumvent withholding taxes which are normally payable on foreign borrowing by an Italian entity whose debt is not formally guaranteed.

Despite the complex structure the deal, which is led by Bankers Trust alongside Industrial Bank of Japan and Morgan Stanley, met an enthusiastic response, largely because of its short average life of 2.71 years and relatively high margin of ⅛ per cent over six-month Libor.

There were no new fixed-rate dollar bonds yesterday, but Swiss Bank Corporation International launched a 12-year convertible issue of approximately $100m for Sandoz, the Swiss chemicals conglomerate. Indicated coupon is 4¼ to 4½ per cent and the conversion premium 10 per cent. Each bond will be convertible into five bearer participation certificates.

The issue, which is co-managed by CSFB and UBS (Securities) met strong demand from Switzerland and traded at a very narrow discount of ¼ point bid.

In a slightly weaker German market Österreichische Industrieverwaltung, Austria's state nationalised industry holding company, launched a DM 150m, 10-year issue with a coupon of 7 per cent and issue price 99½. The pricing on the deal, which is led by Dresdner Bank, was said to be tight in the market though it traded at a discount around its 1½ per cent selling concession.

Sanyo Electric is raising SwFr 80m through a five-year private placement with equity warrants. The placement bears an indicated coupon of 3⅝ per cent and exercise premium of 2½. Lead manager is Swiss Bank Corporation.

American Express has launched its first Samurai bond in the form of a Y10bn issue led by Nikko Securities. The coupon is 6.9 per cent and issue price par.

Nippon Mining's $50m, five-year equity warrant issue has been awarded a 7⅛ per cent coupon and an exercise premium of 1.706 per cent. Nippon Kangyo Kakumaru's $50m convertible issue has been priced at a coupon of 3 per cent and conversion premium of 3.37 per cent.

International bond service,
Page 29

Strong advance by Treibacher

By Patrick Blum in Vienna

TREIBACHER Chemische Werke, the Austrian alloys and chemicals company, strengthened its recovery last year with net profits rising by 34 per cent to Sch 20.3m ($966,000). Sales rose by 9 per cent from Sch 3.7bn in 1983 to just above Sch 4bn.

The company is increasing its dividend payments from 6 per cent to 8 per cent of share capital and will pay out Sch 19.2m to shareholders.

Dr Walter Lukesch, managing director, said yesterday he expected a "good year" for the company in 1985

Austrian bank may tap U.S. market

BY OUR EUROMARKETS CORRESPONDENT

ÖSTERREICHISCHE Kontrollbank, which finances Austrian exports, plans shortly to launch a commercial paper programme in the U.S., Dr Helmut Haschek, general manager, said in London yesterday.

The programme would start with relatively small amounts but could eventually build up to as much as $250m, he said. Goldman Sachs will be the dealer for the paper.

Dr Haschek said Kontrollbank might also consider issuing Euro-commercial paper as a means of satisfying its short-term borrowing needs but had chosen to go into the U.S. market "because we are interested in diversifying the different markets which we tap."

Kontrollbank will be the second Austrian borrower to tap the commercial paper market after Creditanstalt-Bankverein. It will use existing standby lines to back up its borrowing.

Kontrollbank's gross foreign currency borrowing this year was expected to total some Sch 30bn, about the same as last year, he said. Though it would issue bonds in a range of currencies, it would use the swap market to convert the proceeds so that about two thirds of the borrowing would end up in Swiss francs and a quarter in D-Marks.

Kontrollbank is an active borrower of Swiss francs, but it has used the swap market in recent years to limit its profile on the Swiss capital market. A SwFr 100m private placement launched last week was its first in that market since 1981.

BHF Bank bond average

June 13		Previous
102.798		102.833
High	1985	Low
102.880		99.840

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Salomon Brothers International Limited
J. Henry Schroder Wagg & Co. Limited
Shearson Lehman Brothers International
Swiss Bank Corporation International Limited
Westdeutsche Landesbank Girozentrale

Application has been made to the Council of The Stock Exchange in London for Notes in the denomination of A$1,000 constituting the above issue to be admitted to the Official List, subject only to the issue of the temporary Global Note. Interest is payable annually in arrear on 27th June in each year, beginning on 27th June, 1986.

Listing particulars are available in the Extel Statistical Service and may be obtained during normal business hours up to and including 18th June, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 1st July, 1985 from:-

Security Pacific National Bank,
London branch,
2 Arundel Street,
London WC2R 3DF

Hoare Govett Limited,
Heron House,
319-325 High Holborn,
London WC1V 7PB

This advertisement complies with the requirements of the Council of The Stock Exchange

BARCLAYS

BARCLAYS BANK PLC

(Incorporated with limited liability in England)

U.S. $600,000,000

UNDATED FLOATING RATE PRIMARY CAPITAL NOTES

Issue price: 100 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

Barclays Merchant Bank Limited

Credit Suisse First Boston Limited — Salomon Brothers International Limited

Shearson Lehman Brothers International, Inc. — S.G. Warburg & Co. Ltd.

Algemene Bank Nederland N.V. — Bank of America International Limited

Bankers Trust International Limited — Bank of Tokyo International Limited — Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A. — Banque Nationale de Paris — Banque Paribas

Chase Manhattan Limited — Chemical Bank International Limited

Citicorp International Bank Limited — County Bank Limited — Crédit Commercial de France

Crédit Lyonnais — Dai-Ichi Kangyo International Limited — Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft — Goldman Sachs International Corp.

IBJ International Limited — Kidder, Peabody International Limited — Lloyds Bank International Limited

Merrill Lynch International and Co. — Samuel Montagu & Co. Limited — Morgan Grenfell & Co. Limited

Morgan Guaranty Ltd — Morgan Stanley International — The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited — Orion Royal Bank Limited — Standard Chartered Merchant Bank Limited

Sumitomo Finance International — Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited — Yamaichi International (Europe) Limited

Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. Interest is payable semi-annually in arrears in January and July, commencing in January, 1986.

Particulars of the Notes and Barclays Bank PLC are available in the statistical services of Extel Statistical Services Limited and copies of the listing particulars may be obtained during business hours up to and including 18th June, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 28th June, 1985 from:

Barclays Merchant Bank Limited
15/16 Gracechurch Street
London EC3V 0BA

Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

de Zoete & Bevan
25 Finsbury Circus
London EC2M 7EE

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

14th June, 1985

This advertisement complies with the requirements of the Council of the Stock Exchange of the United Kingdom and the Republic of Ireland and does not constitute an offer of, or invitation to subscribe for or purchase any securities.

The Republic of Panama

U.S. $20,000,000

Floating Rate Notes Due 1992

The following has agreed to use its best endeavours to procure subscribers for the Notes:

Citicorp International Bank Limited

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Notes to be admitted to the Official List. The issue price of the Notes is 100 per cent. Interest on the Notes is payable in June and December of each year.

Listing particulars relating to the Notes are available in the Extel Statistical Service and may be obtained during usual business hours (Saturday and public holidays excepted) until 17th June, 1985 from the Company Announcements Office, The Stock Exchange, London EC2N 1HP and until 27th June, 1985 from:—

Citibank, N.A.
336, Strand,
London WC2R 1HB

Scrimgeour Vickers & Co.
20 Copthall Avenue,
London EC2R 7JS

Dated: 14th June, 1985

INTERNATIONAL COMPANIES and FINANCE

IBM expects fall in nine-month earnings

BY OUR NEW YORK STAFF

IBM, the world's largest computer maker, warned that its nine-month earnings were not now likely to match those of a year ago, when earnings reached $4.41bn, or $7.22 a share, as reported in some later editions yesterday. The group also warned that its full-year shipment growth was likely to be less than that in both 1983 and 1984.

The gloomy outlook, delivered to industry analysts by Mr John Akers, IBM president and chief executive, comes hard on the heels of a string of bad news from the nation's computer and chip makers, including layoffs, plant closures and a succession of earnings revisions by IBM itself.

Mr Akers' comments sent Wall Street stock prices into an immediate late downward spiral, and the Dow Jones industrial average closed down 7.5 points at 1,306.34 with just under 180m shares changing hands. Ahead of the IBM forecast, the Dow index had been level-pegging on the day.

IBM's shares closed $3⅝ down at $120⅝, with almost 2.6m shares changing hands. The group blamed the expected downturn on the sluggish U.S. economy and corporate customers reassessing their own projected growth. The group also warned that, unless the U.S. economy failed to pick up in the 1985 second half, the effects could spill over into next year.

Mr Akers also warned anlysts that the company was unlikely to post solid growth in earnings and revenues in 1985. Only a few months ago, at the company's annual meeting, Mr Akers said solid growth was achievable.

Coleco may drop video line

BY OUR FINANCIAL STAFF

COLECO, the U.S. dolls and toys group, is considering withdrawal from the video game business in both hardware and software.

Meanwhile the company is forecasting second-quarter earnings to be at "by far" their highest-ever level, mostly because of continued strong demand for its Cabbage Patch dolls and seasonal products.

Mr Arnold Greenberg, chief executive, told the annual meeting that, if the video game product Colecovision were dropped, it was not expected to give rise to a charge. Last year the group's withdrawal from the home computer market led to a $118.6m pre-tax charge.

In 1984 Coleco's consumer electronics business sales were $96.6m, down from a peak of $404m. Sales of Cabbage Patch products this year are expected to exceed last year's $540m.

De Havilland slips, Canadair back in black

CONTINUED state assistance has improved the financial position of Canada's two aircraft manufacturers, Canadair and De Havilland, which are now being offered for sale to private-sector investors, writes our Toronto Correspondent.

Canada Development Investment Corporation, the state-owned holding company for the two groups, said that De Havilland's loss widened in the first three months of 1985 to C$20.7m ($15m) from C$1.9m a year earlier, but its balance sheet had been strengthened by a further C$150m capital infusion from the Government.

Canadair posted a first-quarter profit of C$2.3m against a loss of C$11.4m. The turnround was largely due to government orders for 12 Challenger executive jets to help the company clear unsold inventory.

Mr Gil Bennett, Canadair president, said that "any material decline" in Challenger sales would plunge the company back into the red.

De Havilland's losses rose as a result of the termination of the Government's scientific tax credit transfer and the impact of a two-week strike on deliveries. The company expects deliveries for the rest of this year to exceed 1984 levels and has begun design work on a "stretched" version of its Dash-8 commuter aircraft.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for June 13.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅝	102⅛	−0¼	−1	10.36
Amex Credit 12⅛ 88	150	106⅜	106⅞	−0⅛	−1¼	10.14
Bank of Tokyo 13⅛ 91	100	113½	114	−0¼	+0⅜	10.44
BP Capital 11⅛ 92	150	102⅞	103⅜	−0¼	−1⅜	10.63
Caisse Nat Tele 13¾ 91	100	113⅝	114⅛	−0¼	−1⅜	10.62
Canada 11½ 90	500	105½	106	−0¾	−1¼	9.91
Canadian Pac 12½ 89	75	107¾	108¼	0	−0¼	11.32
CBS Inc 11⅞ 92	100	102¼	102¾	−0⅜	−2½	10.84
Chevron U.S.A. 12¼ 89	600	104⅜	104⅞	0	−1¼	10.81
Coca Cola 11¾ 91	100	107⅜	107⅞	−0⅛	−0¾	10.04
Denmark Kingdom 11½ 90	100	103	103½	−0¼	−1⅛	10.61
Denmark Kingdom 11½ 92	100	102⅝	103⅛	−0⅜	−1¼	10.95
Denmark Kingdom 13⅞ 91	100	110¾	111¼	−0½	−0¼	10.72
Denmark Kingdom 14 91	100	109¼	109¾	−0½	−0¾	11.72
E.E.C. 11½ 90	100	103	103½	−0¼	−1	10.18
E.I.B. 13 96	200	110⅛	110⅝	−0⅜	−1⅛	11.30
Export Dev Corp 12 89	100	105⅞	106⅜	−0¼	−0⅜	10.16
Exxon Capital Corp 0 2004	1800	13¼	13¾	0	−0⅜	10.85
Ford Motor Cred 11⅞ 95	100	101⅞	102⅜	−0⅜	−0⅞	11.23
Ford Motor Cred 11¾ 92	100	103¼	103¾	−0½	−0⅛	10.98
Gen Elec Credit 10¾ 08	200	100⅛	100⅝	−0⅛	−0⅝	10.20
GMAC 10¼ 89	200	100	100½	−0⅛	+0¼	10.17
IBM Credit 10¾ 2000	300	100¼	100¾	−0⅜	−1¼	10.25
IBM Credit Corp 11¾ 87	200	103⅞	104⅜	−0¼	−1⅜	9.61
Indust Bk Japan 12⅞ 89	100	106⅝	107⅛	−0⅛	−0¾	10.19
Int-Am Dev Bk 12⅝ 91	150	109⅜	109⅞	−0⅛	−0½	10.57
Japan Air Lines 13⅜ 94	100	116	116½	−0½	−0¾	10.38
Kellogg Company 10⅞ 90	100	102⅛	102⅝	+0⅛	−1⅜	10.17
Kellogg Company 11¼ 92	100	103⅜	103⅞	−0⅛	−1⅛	10.47
L.T.C.B. 12⅞ 91	100	109⅞	110⅜	−0¼	−0⅝	10.58
Macy Cred Corp 11¾ 95	100	105⅜	105⅞	−0⅜	−1¼	10.76
Mellon Bank 13 87	100	105⅛	105⅝	+0⅛	−0⅞	10.12
Merrill Lynch 12¾ 89	100	105⅛	105⅝	−0¼	−1½	11.07
Minnesota 11½ 87	100	103⅛	103⅝	0	−0½	8.76
Mitsui Trust 11⅞ 90	100	103½	104	−0⅛	+0⅜	10.62
Montagu 13¼ 91	100	107⅞	108⅜	+0⅛	−0½	11.38
Morgan Guaranty 12⅝ 89	150	106½	107	+0¼	−0⅝	10.32
Nippon Cred Bk 13⅞ 89	100	110⅜	110⅞	−0¼	−0⅞	10.52
Nth America 12⅞ 91	100	† 105⅝	106⅛	−0½	−0⅞	11.48
Penney J.C. 12⅝ 91	100	108½	109	+0¼	−1	10.74
Pru Realty secs 12⅞ 95	546	107⅞	108⅜	0	−1⅞	10.70
Quebec Hydro 11½ 92	100	105⅞	106⅜	−0⅛	−1⅛	10.28
Ralston Purina 11¾ 95	150	105⅜	105⅞	−0⅜	−1⅛	10.79
Ralston Purina 12¾ 89	100	107⅝	108⅛	−0⅛	−1⅜	10.36
Royal Bk Can 12¾ 92 XW	100	108¾	109¼	−0¼	0	11.75
Saskatchewan 10 3/4 92	100	100⅞	101⅜	−0⅜	−1⅜	10.49
Saskatchewan 11 7/8 88	100	105⅜	105⅞	−0¼	−1¾	10.19
S.N.C.F. 12⅝ 92 XW	100	† 101¼	101¾	0	−2⅜	12.08
Statoil 13½ 89	100	110½	111	−0⅛	−1¼	10.15
S Wales Trsy 11¾ 90	150	104¾	105¼	−0⅜	−1¼	10.38
Swed Exp Cred 12¾ 89XW	100	106⅛	106⅝	−0⅛	−1	10.76
Sweden Kingdom 10⅞ 90	200	101⅞	102⅜	−0⅜	−1⅞	10.29
Sweden Kingdom 11½ 89	200	104½	104⅝	−0⅛	−0⅞	10.28
Sweden Kingdom 11¾ 94	100	106	106½	−0½	−0½	10.65
Texaco Capital 12⅞ 87	300	105⅜	105⅞	−0⅜	−0½	9.87
Tokai Asia 11½ 95	100	103⅜	103⅞	−0¼	0	10.88
Victorian Rep 11⅞ 92	150	105	105½	−0¼	0	10.59
Walt Disney Pro 12½ 87	150	† 104⅜	104⅞	−0⅛	−1½	10.00
Weyerhaeuser 12¼ 87	150	104⅛	104⅝	−0¼	−0½	9.99
World Bank 12¾ 94	150	106⅜	106⅞	−0½	−1¼	10.98
World Bank 12⅞ 94	200	112⅝	113⅛	−0⅛	−1¼	10.00

Average price change On day −0⅛ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	102⅞	103⅜	0	+0⅛	7.51
Austria Republic 7⅞ 94	200	102½	103	0	0	7.15
Bader Travenol 7¾ 94	200	102	102½	0	0	[illegible]
Credit National 8⅛ 94	200	104¼	104¾	−0¼	0	7.38
Degussa Int Fin 7½ 94	100	100⅞	101⅜	+0⅛	−0¾	6.95
E.E.C. 8 92	200	103¾	104¼	0	+0¼	7.21
E.I.B. 7¼ 94	300	99¾	100¼	0	+0⅛	7.24
Escom 8 92	150	103	103½	+0⅛	−0⅝	7.94
Ferrovie Dello Stato 8 91	100	104¼	104¾	+1	+1¾	7.02
Finland Republic 7 92	200	99½	99⅞	0	−0⅛	7.11
Gould Int Fin 7⅞ 91	100	103¼	103¾	−0⅜	−0⅜	6.99
Ireland 8⅛ 92	150	102½	103	+0⅛	−0¼	7.58
Japan Fin Corp 7⅝ 91	100	103¼	103¾	−0⅛	−0¼	6.98
Mitsubishi Hvy 3½ 89WW	300	119¼	120¾	+0¼	+6	−1.57
Mitsubishi Hvy 3½ 89XW	300	89⅜	91⅛	−0¾	0	6.92
Mitsubishi Met 3½ 89WW	100	99¾	100¼	−0½	0	3.12
Mitsubishi Met 3½ 89XW	100	86⅞	87⅝	−0¼	+0¼	6.45
Pepsico O/S Fin 7¼ 94	250	102½	103	0	+0¼	6.81
Renle 7¾ 95	100	100¼	100¾	0	+0⅜	7.67
Renown 3⅞ 90	80	105⅛	105⅞	+0⅞	+0½	1.97
Reynolds O/S Fin 7⅞ 94	125	103	103½	+0¼	0	6.98
Societe Cent Nucleer 8 91	100	103¾	104¼	0	+0½	7.16
Sth African Trsn 7⅞ 92	100	96¼	96¾	−0¼	−0½	8.25
World Bank 7¾ 89	100	102	102½	0	−0¼	7.02
World Bank 8 94	200	105	105½	0	+0¼	7.16

Average price change On day 0 on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101¼	101½	−0¼	−0¼	6.05
Asian Dev Bank 6⅞ 96	100	†101¾	102	0	0	5.80
Avco Cap Corp 5⅞ 94	100	†98½	99¼	−0½	−0½	5.96
Brit Land Comp 6½ 98	75	†102¾	103½	0	0	6.16
Council of Europe 6 92	120	†101½	101¾	+0¼	+0¼	5.72
Creditanstalt 5½ 94	100	†98	98¼	+0¼	+0¼	5.78
Deutsche Bk Fin 5⅝ 95	100	†101	101¼	0	0	5.22
E.I.B. 5⅞ 94	120	†101½	101¾	+0½	+0½	5.64
Eurofima 5 97	100	†99¼	99½	0	0	5.07
Eurofima 5¼ 95	100	†100½	100¾	0	0	5.17
Export Dev Corp 5⅝ 92	125	†100¼	100½	0	0	5.31
First Boston Inc 5¾ 94	60	†101	101¼	0	0	5.59
Gen Occidentale 4½ 94	80	†103¼	103½	+0¼	+0¼	4.05
I C Industries 5⅞ 94	125	†100½	100¾	+0¼	+0¼	5.53
Ind Fund Fin 5¾ 94	40	†100¼	100½	+0¼	+0¼	5.60
Int-Am Dev Bk 6⅛ 94	120	†102	102¼	+0¼	+0¼	5.85
New Zealand Govt 5¾ 94	150	†102½	102¾	+0½	+0½	5.38
N.Zealand steel 5¾ 96	70	†98	98¼	−0¼	−0¼	5.95
Oberos Kiosk 5⅞ 95	100	†98¾	99	+1	+1	5.52
Ost Donaukraft 5⅞ 95	70	†99¼	99½	0	0	5.40
Ralston Purina 5⅞ 94	125	†99¼	99¾	−0⅜	−0⅜	5.44
Santos Finance Ltd 6 94	130	†98½	98¾	+0¼	+0¼	6.19
Tokyo Elec Pwr 5½ 93	120	†98¾	99	+0¼	+0¼	5.51
Tokyo Metropolis 5¼ 94	80	†98¾	99	0	0	5.46
World Bk 5¾ 94	150	†100¾	101	+0⅛	+0¼	5.62

Average price change On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	50	99⅛	99⅝	−0⅛	+0⅜	7.09
BP Overzee 7 92	17	100¼	100¾	0	0	6.90
Fed Natl Mort 6⅞ 92	50	99½	99	+0¼	+0⅜	7.11
Finland Republic 6¾ 90	15	99	99½	0	+0⅜	6.88
World Bank 6⅝ 90	25	98¼	98¾	−0⅛	+0½	6.74

Average price change On day 0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¼ 97 C$	125	†106⅛	106⅝	+0⅜	−0⅛	11.25
British Columbia 12 90 C$	125	†103⅞	104⅜	+0⅛	−1⅛	10.84
Can Nat Rail 12½ 95 C$	100	†107¼	107¾	+0⅜	−0⅛	11.19
Chrysler Cred 12⅛ 92C$	80	†103⅝	104	+0⅜	0	11.30
Desjardins 12½ 90 C$	50	†103⅞	103⅝	+0¾	0	11.52
E.I.B. 12 95 C$	75	†100	100½	+0⅜	−0⅝	11.43
New Brunswick 11⅝ 95C$	75	†101¾	102¼	−1¾	+0⅝	11.28
Giro Und Bk 10½ 93 ECU	60	105⅜	105⅞	+0⅛	−0⅛	9.42
Rabobank 9⅞ 95 ECU	75	103⅞	104⅜	+0⅛	−0⅛	9.27
World BK 10¼ 89 ECU	125	104¾	105¼	+0⅛	−0½	8.76
Eurofima 7½ 92 FL	50	100⅝	101⅛	−0⅛	−0½	7.32
Philips Lamps 7½ 90 FL	100	101¾	102¼	0	0	7.00
Rank Xerox 8 90 FL	100	102⅝	103⅛	0	−0⅛	7.27
Van Lanschot 7½ 90FL	50	100¾	101¼	0	−0¼	7.25
World Bank 7½ 90 FL	150	100⅝	101⅛	0	−0⅜	7.28
Gaz de France 11¼ 90FF	500	100½	101	−0⅛	0	11.14
American Brands 12 95 £	40	103⅝	104⅛	+0⅛	0	11.30
Amer Express 11⅝ 92 £	30	103	103½	0	0	10.95
Australia Comm 11 92 £	40	98⅛	98⅝	0	−0¼	11.34
BP Capital 10¾ 92 £	50	97¾	98¼	0	0	11.14
E.I.B. 11⅛ 93 £	50	99⅝	100⅛	0	+0⅜	11.13
Inco 12¾ 93 £	50	101⅜	101⅞	0	+1⅛	12.27
Mcdonalds 10⅞ 90 £	40	98½	99	0	−0⅝	11.20
Norsk Hydro 11⅝ 91 £	50	101¾	102¼	0	−0½	11.19
Privatbanken 11⅞ 92 £	20	99⅝	100⅛	0	−0½	11.88
Rank Xerox 11 92 £	40	98⅛	98⅝	0	+0½	11.34
Royal Trustco 11⅝ 90 £	30	99⅝	100⅛	0	+0⅝	11.36
Star Drug Cap 10⅞ 90 £	30	98	98½	0	−0¼	11.34
Swed Exp Cred 11¾ 92 £	50	100⅛	100⅝	−0⅛	+0⅛	11.27
Trusthouse Forte 11½ 90£	50	97¼	97¾	0	+0⅛	11.81
World Bank 11¼ 95 £	100	100	100½	0	−0¼	11.25
E.C.S.C. 10½ 94LF	100	105⅜	105⅞	0	0	9.50
Nat Lux Alum 10½ 92 LF	600	105½	106½	+0⅛	+0¼	9.32

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100½	100⅞	11/10	9⅝	9.57
Banco di Roma 5¼ 92	0	100	100¼	20/6	7.98	7.97
BankAmerica O/S 5⅛ 96	0⅛	100	100¼	28/6	8.81	8.80
Bank of Montreal 5 96	0⅛	100⅝	100⅞	28/7	9¾	[illegible]
Bankers Trust 5 2000	0	99¾	100	11/6	9.81	9.82
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/8	8.56	8.54
B.F.C.E. 5¼ 99	0⅛	100½	100¾	13/8	10.06	10.01
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/7	9⅛	9.11
C.C.F. 5¼ 97	0	99⅝	99⅞	22/8	10⅛	10.05
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/6	9.88	9.88
Citicorp O/S 5¼ 96 Sep	0⅛	100⅛	100⅜	19/12	11.19	11.16
Credit Lyonnais 5¼ 98	0⅛	100⅝	100⅞	11/10	9.88	9.82
Dresdner Fin 5¼ 89	0	99⅞	100⅛	25/5	9⅜	9.38
Iceland 5¼ 97	0	100⅜	100⅝	28/10	9.88	9.80
Ireland 5¼ 98	0	100½	100¾	14/8	10	9.94
Italy, Republic 5 94	0⅛	100⅛	100⅜	13/11	9⅞	9.85
Lloyds Euro 5 2004	0⅛	100⅛	100⅜	10/10	9⅛	9.10
Midland Int Fin 5 99	0⅛	100⅜	100⅝	6/8	10.44	10.38
Nat West - Perp 5 89	0⅛	100⅞	101⅛	13/11	9⅛	9.05
Queensland Coal 5¼ 96	0⅛	100½	100¾	12/11	9	8.94
Roy Bk Scot 5¼ 2005 £	0	98⅛	98⅜	2/8	12.81	12.91
Societe Gen 5¼ 95	0	†100⅝	100⅞	12/10	9½	9.43
Sweden Perp 5¼ 85	0¼	100⅛	100⅜	9/7	9.44	9.41
Tokai 5¼ 99	0⅛	100⅜	100⅝	12/8	8.94	8.89
Toyo 5¼ 99	0⅛	100¼	100½	14/5	8.83	8.78

Average price change On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	96⅜	97⅜	−0⅛	−2.02
Fanuc 3¾ 98	1/84	7032.3	144½	145¾	−2⅜	34.07
Fujitsu 3 99	5/84	1320.9	83⅛	84⅛	−1½	13.18
Kumagai Gumi 3½ 2000	3/85	600	114¼	115¼	+0¾	3.08
Marui 3½ 99	7/84	1182	98⅝	99⅝	−1⅛	−2.53
Mitsubishi Elec 2⅞ 00	3/85	422	91⅞	92⅞	+0¼	−2.30
Murata 3½ 99	2/84	2351.2	98	99	−0½	26.28
Murata 3½ 2000	7/84	2398	96	97	−1½	25.80
Nippon Elec 2⅞ 2000	1/85	1285	83⅞	84⅞	0	28.70
Nippon Oil Co 3 2000	5/85	923	98⅝	99⅝	+0¾	5.10
Nippon Oil Co 3¼ 99	3/84	1052	87⅜	88⅜	+0⅜	15.67
Oki Elec Ind 3½ 99	10/84	805	90⅛	91⅛	−0⅛	28.30
Orient Leasing 5⅛ 98	6/83	2680	107½	108¾	−0⅞	−2.93
Sekisui House 3 99	6/84	612	108¾	110¾	+2¼	4.05
Sony Corp 2 2000	5/85	4578	88¾	89¾	−0⅜	8.04
Sumitomo Corp 2⅞ 99	5/84	593	118⅜	119⅜	+4	2.82
Taiyo Yuden 3¼ 2000	3/85	1078	88⅜	89⅜	−0⅛	−0.61
Takeda Riken 3⅛ 2000	10/84	7863	83	84½	−1¼	12.84
Tokyo Sanyo Elec 3½ 99	12/84	772	88½	89½	−3½	−3.11
Toshiba Ceramics 3 2000	4/85	1734.2	85½	86½	−1	−1.78
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†*102½	103	+0⅜	13.27
Nippon Shinpan Co 2 92 SF	3/84	801	†*104	104¼	+2¼	12.54
Sanyo Paper 2¾ 92 SF	4/84	877	†*100	252	0	11.49
Asics 3 92 DM	12/83	520	107⅞	108⅜	+0⅜	10.08
Sale Realty 6¼ 92 DM	2/83	335	263¼	264¾	+6½	−0.35

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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April 1985

Public Utilities Board
Singapore

US$68,384,000
Medium Term Loan

To purchase oil filled supertension cables from

BICC Supertension Cables (1980) Limited

Finance Arranged and Provided by

Midland Bank plc — DBS Bank, London Branch (Licensed deposit-taker)

with the Payment and Funding Guarantee of

Export Credits Guarantee Department

Agent

Midland Bank plc

US$68,384,000
Currency Swap Facility

Provided by

DBS BANK
THE DEVELOPMENT BANK OF SINGAPORE LTD

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/Gearing Ratio
CASIO 6/3/89	39.50	41.00	1,630	10.04	2.98	3.36
C ITOH 4/5/89	31.00	32.50	425	8.60	3.50	2.48
C ITOH 20/1/87	45.00	50.00	425	24.40	2.26	10.77
FUJIKURA CABLE 28/4/89	8.00	10.00	318	35.17	7.42	4.74
HAZAMA GUMI 1/11/89	8.50	10.00	366	41.39	7.71	5.37
J S R 28/4/89	7.00	8.50	362	34.17	8.68	3.94
JUSCO 22/12/88	76.00	80.00	840	24.52	1.77	13.88
KAYABA 15/2/89	7.50	9.00	301	11.00	10.34	1.06
KUMORI PRINT 20/12/89	15.50	17.00	2,100	14.19	5.98	2.37
MARUZEN 12/2/90	9.00	10.50	491	31.13	8.34	3.73
MINEBEA 20/2/89	34.00	36.00	597	76.26	2.05	37.20
MIT CHEM 20/1/87	85.00	90.00	513	24.27	1.61	15.07
MIT CORP 7/11/88	27.50	29.00	652	0.28	4.24	0.07
MIT GAS 20/3/89	12.00	13.50	356	5.31	7.28	0.73
MITSUI E/S 15/10/88	11.50	13.00	180	6.29	7.72	0.82
MITSUI E/S 10/12/87	24.00	26.00	180	1.34	4.81	0.28
MIT METAL 10/2/89	80.00	85.00	632	40.74	1.49	27.26
MIT METAL 10/11/89	12.00	13.50	632	28.21	6.47	4.05
MITSUI PET CHEM 15/2/90	23.50	25.00	416	13.15	4.59	2.87
NIPPON MIN 17/3/89	85.00	89.00	469	21.98	1.65	13.31
NISSHO IWAI 1/2/89	10.50	12.00	273	15.66	7.64	2.05
NOMURA 31/10/88	65.50	67.00	1,170	4.72	2.28	2.07
OHBAYASHI GUMI 5/4/89	45.00	48.00	331	12.99	2.56	5.10
OMRON TATEISHI 31/3/89	9.00	10.50	1,480	71.79	5.56	12.91
ONODA CEMENT 10/4/89	35.00	38.00	353	0.12	3.38	0.04
ONODA CEMENT 28/2/90	14.50	16.00	353	15.31	6.53	2.34
OPTEC DAI-ICHI 23/2/90	16.50	18.00	685	12.83	6.02	2.13
OSAKA TRANSFORMER 29/1/90	11.00	12.50	465	23.86	7.39	3.23
RENOWN 24/1/89	10.50	12.00	737	19.37	7.39	2.62
RYOBI LTD 25/5/90	10.50	12.00	412	13.06	8.27	1.58
SEINO TRANSPORT 17/3/89	8.50	10.00	970	30.73	7.57	
SEIYU STORES 20/3/87	54.00	56.00	705	42.89	1.86	23.02
SONY CORP 26/4/90	18.50	20.00	4,060	31.80	4.64	6.80
SUMI CONSTRUCTION 24/3/89	43.00	46.00	239	22.42	2.43	9.22
SUMI HEAVY 24/2/89	11.50	13.00	240	4.84	7.84	0.62
SUMI REALTY 21/11/89	37.50	39.00	728	−0.09	3.53	−0.02
TOKYO ELECTRIC 14/3/89	7.00	8.50	1,050	40.03	8.58	4.6
TOKYO SANYO 8/6/87	144.00	146.00	679	63.03	1.02	62.06
TOKYU CORP 29/1/90	34.50	36.00	430	2.48	3.76	0.66
TORAY 5/3/87	9.50	11.00	460	9.23	8.70	1.06
TOYO ENG 28/2/89	51.00	53.00	635	68.02	1.87	38.56
YAMAMURA GLASS 8/5/90	13.00	14.50	618	8.98	7.24	1.24
YAMATO KOGYO 29/1/90	8.00	9.50	673	18.05	9.97	1.81

Reuters Monitor DABF/G/H/I/J - Further information from: Freddy Glock, Simon Gamse or Beverly Kelly on 01-248 8080

Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

U.S.$28,000,000 — Series 027

Short-term Guaranteed Notes issued in Series under a US$280,000,000 Note Purchase Facility by

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Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 7 13/16% per annum. The Issue Date of the above Series of Notes is 17th June, 1985, and the Maturity Date will be 17th December, 1985. The Euro-clear reference number for this Series is 12791 and the CEDEL reference number is 578240.

Manufacturers Hanover Limited
Issue Agent

14th June, 1985

SPA

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INTL. COMPANIES & FINANCE

Net profits up 22% at James Hardie

By Michael Thompson-Noel in Sydney

JAMES HARDIE INDUSTRIES, the diversified Australian building products group, achieved a 22 per cent boost in net profits for the year to March 31, to A$47.1m (US$31.1m), and is making a one-for-five scrip issue.

The new shares will qualify for the annual dividend of 22 cents, representing a 4.5 per cent improvement in the payment.

Turnover was 19.3 per cent higher at A$1.38bn, and pre-tax earnings grew by 26 per cent to A$124.3m. Interest charges rose from A$30.3m to A$38.4m, while depreciation totalled A$32.4m, against A$28.8m previously.

Net profits as a percentage of shareholders' funds was 9.6 per cent, while net tangible asset backing rose from A$3.50 per share to A$3.77.

Despite a minor building boom last year, expenditure on private dwellings has contributed noticeably less to Australia's most recent economic recovery than during the of the mid-1970s, probably because of higher real interest rates.

"Although new housing approvals are reported to be falling from their recently high levels, there are clear signs of a build-up in the renovations market," said Mr David Macfarlane, the group's managing director.

James Hardie said its fibre cement division has posted significantly higher profits.

India blocks Carbide payout

By R. C. Murthy in Bombay

INDIA'S CENTRAL bank has blocked the remittance of an interim dividend by Union Carbide India (UCIL) for 1984 to the Union Carbide Corporation, its American parent company.

The sum involved is around Rs 6m ($480,000). UCIL has proposed 5 per cent interim on the 50.9 per cent equity stake held by the American company.

The move is a sequel to the continuing legal battle in New York's Federal Court on compensation for victims of the world's biggest industrial disaster at Bhopal.

Hongkong Land to sell Excelsior for HK$830m

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, the territory's leading but financially stretched property group, has reached agreement in principle to sell the Excelsior Hotel in Hong Kong. The price tag is understood to be HK$830m (U.S.$106m).

The 948-room hotel, built 13 years ago, was offered for sale last October as a "non-strategic asset." The group withdrew it from the market in February because the highest bid "did not meet our disposal criteria."

Hongkong Land said yesterday that agreement in principle had been reached with "overseas investors," and that the true identity of the buyers would not be revealed until the end of June, when the deal is due to be completed. They are understood to come from South-east Asia. Hongkong Land will continue to manage the Excelsior—and will retain a minority interest in it—for two years.

The Excelsior is probably the last of a line of "non-strategic" assets which have been sold over the past two years by Hongkong Land to ease the debt problems that have dogged the company since the collapse of the territory's property market in 1982.

The group has raised almost HK$7bn through such sales, the largest of which was the disposal in January this year of a 33.8 per cent stake in Hongkong Electric. The smaller of the territory's two power generating companies, for HK$2.9bn.

The effect of these disposals has been to transform the group's balance sheet. From a position two years ago, when debt was expected to peak at HK$22bn, debt actually peaked at less than HK$15bn, and now stands at around HK$11bn.

When Mr David Davies, Hongkong Land's chief executive, withdrew the hotel from the market in February this year, he said: "We put the hotel on the market because it was not a high priority in terms of our strategic or corporate plan. We are nevertheless happy to keep it, as tourism in Hong Kong is booming, and this particular hotel is highly profitable."

He forecast operating cash flow from the Excelsior of HK$75m in 1985. He repeated yesterday that occupancy for this year is expected to remain above 90 per cent. Essentially, the successful sale of Hongkong Electric meant that the group was no longer a forced seller of the hotel.

U.S. bank closes Bahrain unit

BY ANNA HILAL IN BAHRAIN

SECURITY PACIFIC, the Los Angeles-based banking group, has decided to close down its offshore banking unit (OBU) in Bahrain. The bank, which has been operating from here since 1978, has already informed the Bahrain Monetary Agency (BMA) about the move. But Mr Brian Rourke, the general manager, said a formal statement by the bank's head office was still to be made. He added that the scheduled pull-out is to be completed by the end of August.

Security Pacific had already scaled down its operation in Bahrain in March 1983, when it closed down its dealing room. The number of staff was reduced at that time from about 23 to the current six.

The decision to pull out comes in the wake of falling profits for foreign banks in the Gulf region, which has been hit hard by declining oil prices and output, the Iran-Iraq war and the 1982 Kuwait stock market crash.

Two other OBUs have been closed down in the past eight months, those owned by the Continental Illinois and by Banco do Commercio e Industria di Sau Paulo.

Two British banks have meanwhile decided to close down their dealing rooms in Bahrain; Midland Bank, which stopped treasury trading in December 1984, and Barclays Bank International, which has scheduled a closure of its dealing room for next month. Both banks will keep their OBUs open.

Sharjah raises $154m loan

BY ANGELA DIXON IN ABU DHABI

A CONCRETE indication of the improved credit position of the Emirate of Sharjah was given this week when a syndicated loan of $154m was raised on the Emirate's behalf by a group of 13 international banks, led by Wardley Middle East. The loan, which has a five-year maturity, is in two tranches — $100m and DH 200m ($54m) — with a rate for the first of 1 per cent above London interbank offered rate (Libor) and 12 per cent for the dirham tranche.

The loan is taken as an indication of the banking world's confidence that Sharjah, one of the seven United Arab Emirates, is moving into the black after several years of financial shortfall.

Sharjah's fortunes took an upturn in 1981, when Amoco Sharjah discovered large reserves of gas and condensate in Sharjah's Sajaa field. The find was quickly exploited, and Sharjah now exports 60,000 barrels per day of condensate, while plans for the utilisation of the gas are moving ahead fast. These include a liquefied petroleum gas plant, at present under construction, which has an assured Japanese markt. The consortium, consisting of C. Itoh and Tokyo Boeki, which is designing and constructing the plant, as well as providing much of the finance, has also agreed to market the product.

A fertiliser factory and a methanol plant are also being discussed.

NOTIFICATION TO ALL PERSONS WHO RECEIVED COMMON STOCK OR DEBENTURES OF SAXON INDUSTRIES, INC. IN EXCHANGE FOR COMMON STOCK OR DEBENTURES OF STANDARD PACKAGING CORPORATION BY REASON OF THE 1970 MERGER OF STANDARD WITH SAXON AND WHO SOLD SUCH SAXON SECURITIES AT A LOSS OR WHO CONTINUED TO OWN SAID SAXON SECURITIES ON APRIL 15, 1982 AND HAVE SUFFERED DAMAGES THEREBY, AND TO ALL PERSONS WHO PURCHASED DEBENTURES OF SAXON INDUSTRIES, INC. AFTER APRIL 15, 1982

An action is pending in the United States District Court for the Southern District of New York, 83 Civ. 3760 (S.D.N.Y.) (MJL) (the "Lewis Action"), on behalf of all persons who received securities of Saxon Industries, Inc. ("Saxon") in exchange for securities of Standard Packaging Corporation ("Standard"). The parties to this litigation have entered into a Stipulation of Settlement, dated March 21, 1985, and the Court in the Lewis Action has scheduled a hearing on August 1, 1985 (the "Hearing"), to determine, among other things, whether the proposed settlement should be approved as fair, reasonable and adequate, plaintiff's application for attorneys' fees and expenses and any assertions of interest by any persons who purchased Saxon debentures after April 15, 1982 ("post-petition debenture purchasers"), as assignees or transferees of the claims of any member of the Class.

A form of notice describing the Lewis Action, the settlement and the matters to be considered at the Hearing (the "Notice"), together with a proof of claim form (the "Proof of Claim"), has been mailed to all persons whose names appear on the stock transfer records and debenture lists of Saxon as having received Saxon common stock or debentures in the 1970 merger of Saxon and Standard or as purchasers of Saxon debentures after April 15, 1982, at the addresses specified therein. If you are or were a beneficial owner of Saxon common stock, Saxon 6% Subordinated Debentures due 1990 and/or Saxon 5¼% Convertible Subordinated Debentures due 1990 so received and wish to participate in the Hearing, or object to the proposed settlement, or submit claims for participation in a fund created in connection with the proposed settlement, but have not received the Notice and the Proof of Claim in the mail, you should first obtain copies of the Notice and the Proof of Claim by writing to:

Lewis v. Lurie Litigation
P.O. Box 922
Wall Street Station
New York, New York 10005

or telephoning 718-236-2337. Alternatively, if you are a member of the Class but wish to be excluded from the Class (such exclusion would prevent you from participating in any settlement fund but would also mean that you would not be bound by any judgment entered in the Lewis Action), you should submit a request for exclusion to:

Clerk of the Court
United States District Court for the Southern District of New York
Foley Square
New York, New York 10007
re: *Lewis v. Lurie*, 83 Civ. 3760 (MJL)

postmarked on or before July 11, 1985, at the above address, stating your name, address, the number of Saxon common shares and/or debentures owned (and, in the case of debentures, identifying the debenture issue), the dates of exchange of such shares and debentures, the amount received from any sale of such Saxon shares or debentures (net of commissions and transfer taxes) and your wish to be excluded from the Class. If you purchased Saxon debentures after April 15, 1982, and wish to assert an interest in connection with the proposed settlement, as assignee or transferee of the claims of any member of the Class, but have not received the Notice and the Proof of Claim in the mail, you should first obtain copies of the Notice by writing to:

Lewis v. Lurie Litigation
P.O. Box 922
Wall Street Station
New York, New York 10005

or telephoning 718-236-2337.

Objections to the proposed settlement or the assertion of an interest in connection therewith will not be considered unless filed with the Court and served on those counsel listed in the Notice on or before July 11, 1985. Failure to comply with the instructions contained in the Notice will preclude subsequent objections or assertions of interest. Failure of Class members to file the Proof of Claim on or before October 1, 1985, or such other date as the Court may fix, will preclude Class members from participating in the fund created in connection with the proposed settlement. The Stipulation of Settlement, if approved by the Court, will determine and resolve the claims of all members of the Class to whom this notification is addressed (see above), except those requesting exclusion, whether they participate in the settlement or not, and will also determine and resolve all claims, if any, of post-petition debenture purchasers, as assignees or transferees of members of the Class.

NOTIFICATION TO ALL PERSONS WHO PURCHASED COMMON STOCK OR DEBENTURES OF SAXON INDUSTRIES, INC. DURING THE PERIOD MARCH 31, 1976 THROUGH APRIL 15, 1982, AND WHO SUFFERED DAMAGES AS A RESULT THEREOF, AND TO ALL PERSONS WHO PURCHASED DEBENTURES OF SAXON INDUSTRIES, INC. AFTER APRIL 15, 1982

A consolidated action is pending in the United States District Court for the Southern District of New York, 82 Civ. 3103 (MJL) (the "Consolidated Action"), on behalf of all persons who purchased common stock or debentures of Saxon Industries, Inc ("Saxon") during the period March 31, 1976 through April 15, 1982, and who suffered damages as a result thereof (the "Class"). The parties to the Consolidated Action have entered into a Stipulation of Settlement, dated March 21, 1985, and the Court in the Consolidated Action has scheduled a hearing on August 1, 1985 (the "Hearing"), to determine, among other things, whether the proposed settlement should be approved as fair, reasonable and adequate, plaintiffs' application for attorneys' fees and expenses, and assertions of interest in connection with the proposed settlement by any persons who purchased Saxon debentures after April 15, 1982 ("post-petition debenture purchasers"), as assignees or transferees of the claims of any member of the Class.

A form of notice describing the Consolidated Action, the settlement, and the matters to be considered at the Hearing (the "Notice"), together with a proof of claim form (the "Proof of Claim"), has been mailed to all persons whose names appear on the stock transfer records and debenture lists of Saxon as a purchaser of Saxon common stock or debentures between March 31, 1976 and April 15, 1982 or as purchasers of Saxon debentures after April 15, 1982, at the addresses specified therein. If you are or were a beneficial owner of Saxon common stock, Saxon 5¼% Convertible Subordinated Debentures due 1987, Saxon 6% Subordinated Debentures due 1990 and/or Saxon 5¼% Convertible Subordinated Debentures due 1990 and purchased between March 31, 1976 and April 15, 1982, inclusive, and wish to participate in the Hearing or object to the proposed settlement, or submit claims for participation in a fund created in connection with the proposed settlement, but have not received the Notice and the Proof of Claim in the mail, you should first obtain copies of the Notice and the Proof of Claim by writing to:

In Re Saxon Securities Litigation
P.O. Box 922
Wall Street Station
New York, New York 10005

or telephoning 718-236-2337. Alternatively, if you are a member of the Class but wish to be excluded from the Class (such exclusion would prevent you from sharing in any settlement fund but would also mean that you would not be bound by any judgment entered in the Consolidated Action), you should submit a request for exclusion to:

Clerk of the Court
United States District Court for the Southern District of New York
Foley Square
New York, New York 10007
Att: *In Re Saxon Securities Litigation*, 82 Civ. 3103 (MJL)

postmarked on or before July 11, 1985, at the above address, stating your name, your address, the number of shares of Saxon common stock and/or Saxon debentures purchased or sold by you, the amount paid for each such purchase and received from each such sale, and your wish to be excluded from the Class. If you purchased Saxon debentures after April 15, 1982, and wish to assert an interest in connection with the proposed settlement, as assignee or transferee of the claims of any member of the Class, but have not received the Notice and the Proof of Claim in the mail, you should first obtain copies of the Notice by writing to:

In Re Saxon Securities Litigation
P.O. Box 922
Wall Street Station
New York, New York 10005

or telephoning 718-236-2337.

Objections to the proposed settlement or the assertion of an interest in connection therewith will not be considered unless filed with the Court and mailed to those counsel listed in the Notice on or before July 11, 1985. Failure to comply with the instructions contained in the Notice will preclude subsequent objections or assertions of interest. Failure of Class members to file a Proof of Claim on or before October 1, 1985, or such other date as the Court may fix, will preclude Class members from participating in the fund created in connection with the proposed settlement. The Stipulation of Settlement, if approved by the Court, will determine and resolve the claims of all members of the Class to whom this notification is addressed (see above), except those who request exclusion, whether or not they participate in the settlement, and will also determine and resolve all claims, if any, of post-petition debenture purchasers, as assignees or transferees of members of the Class.

This announcement appears as a matter of record only.

Merrill Lynch

50

Revolving Underwriting Facilities*

Arranged for

African Development Bank — Aga Aktiebolag — Alahli Bank of Kuwait (K.S.C.)
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Banco Totta & Açores, E.P. — Banco Urquijo, S.A. 1981 — Banco Urquijo, S.A. 1982 — Bank of Baroda
Bank Bumiputra Malaysia Berhad — Banque Indosuez — Correios e Telecomunicações de Portugal
Crédit Chimique — Crédit du Nord — The Dai-Ichi Kangyo Bank, Limited
Deere & Company/John Deere Credit Company — Den norske Creditbank — AB Electrolux
Esselte AB — The Fuji Bank, Limited — The Gulf Bank K.S.C. — The Industrial Bank of Kuwait K.S.C.
Investors in Industry International B.V. — Ireland — Kansas City Power & Light Company
Kansas Gas and Electric Company — Korea Exchange Bank — Merrill Lynch Overseas Capital N.V.
The Nippon Credit Bank, Ltd. — Post-och Kreditbanken, PKbanken
Primary Industry Bank of Australia Limited — Punjab National Bank
Red Nacional de los Ferrocarriles Españoles 1982 — Red Nacional de los Ferrocarriles Españoles 1983
Renault Acceptance B.V. 1983 — Renault Acceptance B.V. 1984 — Aktiebolaget SKF — Kingdom of Spain
State Bank of India — AB Svensk Exportkredit — SwedBank (Sparbankernas Bank) — Telefonaktiebolaget LM Ericsson
The Toledo Edison Company — Trans World Airlines, Inc.
Transco Energy Company / Transcontinental Gas Pipe Line Corporation / TXP Operating Company
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Merrill Lynch Capital Markets
has arranged roughly twice as many
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as its nearest competitor.

June 1985

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For the Issuance of
Short-term Notes

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First Interstate Limited — The First National Bank of Chicago
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Toronto Dominion International Limited

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The Nippon Credit Bank, Ltd. — Orion Royal Bank Limited

Managers

Great Pacific Capital S.A. — LTCB International Limited

Placing Agent
Merrill Lynch Capital Markets

June 1985

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / June, 1985

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Financial Advisor to Chevron Corporation

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INTL. COMPANIES & FINANCE

Banking instruments help soothe Jakarta's money markets

BY CHRIS SHERWELL, RECENTLY IN JAKARTA

TEN MONTHS after crisis blew up in Indonesia's fledgling money market, domestic and foreign bankers in Jakarta have been comforted by a return to stability. Yet they remain nervous about the future.

The relative calm has been engineered by Bank Indonesia, the central bank, through the opening of a "special credit facility" last September and, in February, the creation of a new instrument called money-market securities, known by their Indonesian acronym as SBPUs.

The moves are part of an evolving set of financial sector reforms aimed at creating a more efficient and modern banking system in this vast underbanked country of 160m people.

Bankers agree that the facilities have brought more stability

The significance of the moves is that, in a nation which has no foreign exchange controls, greater stability in the money market and a more efficient banking system mean greater public confidence in the local currency. The continuing nervousness among bankers reflects underlying hesitations about Indonesia's rupiah.

The crisis of last August and September erupted when overnight inter-bank rates rocketed to 90 per cent, partly because a soaring U.S. dollar and weak oil prices encouraged a shift from rupiah into dollars, and partly because domestic credit demand was high at a time when government deposits were building up at the central bank.

On one particular day, says a foreign banker, the local money market was "absolutely dry." To defuse the crisis Bank Indonesia had to open a new, one-off special credit facility offering funds at a penal rate, and impose a limit (7.5 per cent of deposits) on the amount banks could borrow from the inter-bank market.

Money market rates duly fell back, but the measure only deferred the liquidity problem to March, when some Rp 170bn ($152m) of the Rp 310bn borrowed through the special facility became due for repayment. As the deadline drew nearer, the authorities unveiled their SBPUs.

Under this scheme, which began in February, Bank Indonesia's 95 per cent-owned securities house, PT Ficorinvest, undertook to buy or sell three types of money market security: promissory notes issued by banks and non-bank financial institutions (NBFIs) in their inter-bank borrowing; promissory notes issued by bank or NBFI customers in exchange for credit; and trade bills endorsed by banks or NBFIs.

Institutions with debt incurred last September promptly used the instruments to pay off their obligations, smoothing out the potential problem. The new market is similarly expected to accommodate the remainder of the Rp 310bn due for repayment by September this year.

Beyond this, the use of SBPUs has grown because of curbs on inter-bank borrowing, especially as banks and NBFIs have become more familiar with them and the way they work.

In the first two months, banks and NBFIs typically sold paper to Ficorinvest to raise cash, not just to repay borrowings under the special facility, but also to cope with a period of traditionally tighter money.

Since the end of March, however, the market has grown more liquid and bankers have become more aware of the new instrument. In April and May, Ficorinvest sold more paper than it bought, although the market tightened again earlier this month, largely because state companies were drawing funds to repay obligations to the government.

With the higher levels of liquidity, Bank Indonesia has been able to lower its discount rate from 20.5 per cent to 19.5 per cent, which in turn lowered the rates offered by Ficorinvest. The securities house has also been allowed to buy and sell paper of less than 30 days maturity, expanding the range in which it can deal.

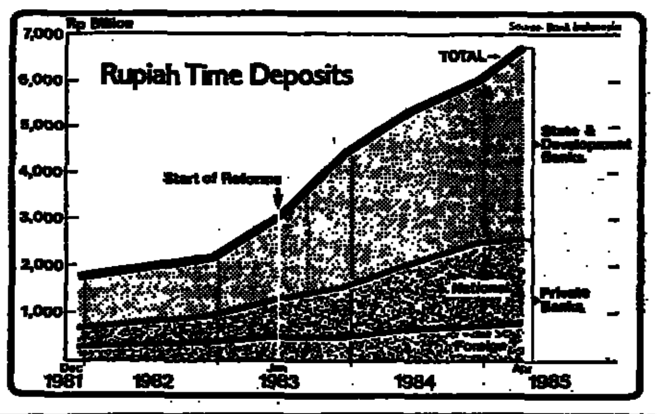
By the first week in June, Ficorinvest had made cumulative purchases worth Rp 400bn and sales of Rp 275bn. The value of SBPUs outstanding was just Rp 200bn, still reckoned to be too small to influence the underlying structure of high interest rates in Indonesia.

Although a total of 79 banks and NBFIs are eligible to use Ficorinvest's facilities, only half have done so. Some of these are outside Jakarta and therefore unable to use the arrangement, but others have preferred — and been able — to resort to the interbank market for their needs, keeping the SBPU as a last resort.

Trading in SBPUs is limited as yet, but bankers agree that the facilities have brought more stability to Jakarta's notoriously volatile money market — a tight overnight market means rates of 18 per cent. Bankers also praise Bank Indonesia for putting in place another element in the series of reforms embarked upon in mid-1983.

These reforms are part of a wholesale structural adjustment by Asia's principal oil and gas exporter to an era of weak petroleum prices. They began with measures to make the country's five state banks, which totally dominate the banking system, compete in the market for savings.

Deposits shot up in the ensuing 12 months in response to higher domestic interest rates, and in February 1984 Bank Indonesia introduced certificates of indebtedness, known as SBIs, as an outlet for surplus funds.



It also opened a discount window as a lender of last resort, while encouraging banks to meet their needs through the inter-bank market. It was the tightening of this market last August and September which resulted in the special facilities and, most recently, the SBPUs.

With these arrangements for Bank Indonesia's open market operations in place, bankers say steps are now needed to deal with more fundamental problems which continue to bedevil the financial system. Most significant is the continuing high structure of interest rates, a reflection of the elevated deposit rates and a crippling burden on borrowers which has greatly dampened investment.

Reforms are part of a wholesale structural adjustment

Hopes that rates would come down from the mid-20s level as the state banks adjusted to their new circumstances have proved forlorn. A key reason for this, according to the World Bank, is these banks' high overheads and large write-offs—in short, their sheer inefficiency. The bank estimates that their intermediation costs average 7-8 percentage points of the interest rates they charge.

A second, related problem springs from the lack of foreign exchange controls and the emergence of market-determined deposit rates. The Indonesian public perceives a link between the U.S. dollar and the rupiah, and thus between domestic interest rates and rates abroad. It also saw a major devaluation in March 1983 and the currency's subsequent depreciation.

The result is that there is a "premium" demanded by those holding the rupiah, based on interest rates and inflation rates in both Indonesia and the U.S. and on the prospects of an exchange rate adjustment. This premium is another factor which helps keep Indonesian interest rates high. Some bankers believe it could be smaller than it is, but no one—not even Bank Indonesia—is willing to predict a change given the oil price climate. That means continued nervousness for everyone.

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U.S. $100,000,000

The Export-Import Bank of Japan

10⅜% Guaranteed Bonds Due June 1995

Unconditionally and irrevocably guaranteed as to payment of principal and interest by

Japan

The following have agreed to purchase the Bonds:

Salomon Brothers International Limited — Nippon Credit International (Hong Kong) Limited

Bank of Tokyo International Limited — Banque Paribas

Credit Suisse First Boston Limited — Daiwa Europe Limited

Deutsche Bank Aktiengesellschaft — Goldman Sachs International Corp.

IBJ International Limited — Kleinwort, Benson Limited

Morgan Guaranty Ltd — Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd. — Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited — S. G. Warburg & Co. Ltd.

Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List. Interest on the Bonds is payable annually on June 27, commencing June 27, 1986.

Listing Particulars relating to The Export-Import Bank of Japan and the Bonds are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including June 18, 1985 from the Company Announcements Office of The Stock Exchange and up to and including June 30, 1985 from:

Cazenove & Co.
12, Tokenhouse Yard,
London EC2R 7AN

June 14, 1985

RADIOMETER A/S

At the Ordinary General Meeting of Radiometer A/S (the Company) on 22nd May 1985 a resolution was passed to increase the Company's share capital from DKK 45,000,000 to DKK 90,000,000 by way of a bonus issue of DKK 6,000,000 A shares and DKK 39,000,000 B shares.

For each B share amount of DKK 100, existing holders of the Company's B shares will be allocated DKK 100 scrip certificates for B shares against surrender of coupon No. 2 from the old shares.

The bonus shares will be issued in denominations of DKK 4,000, DKK 1,000 and DKK 100, and will bear full dividend for the Company's fiscal year ending 31st December 1985.

The bonus rights (coupon No. 2) will be traded on the Copenhagen Stock Exchange from 17th June 1985 to 28th June 1985.

The scrip certificates for the new B shares will be issued from 20th June 1985 through the Company's bank

Privatbanken A/S
Børsgade Branch
Børsgade 4, Copenhagen
Postal address: P.O. Box 1000
DK-2400 Copenhagen NV
Telephone: +45 1 11 11 11, ext. 2343 and 2344

The bonus shares may be delivered through:

Privatbanken Ltd.
107 Cheapside
London EC2V 6DA
Telephone 01 726 6000
att. Henrik Bjoern

Privatbanken International (Denmark) S.A.
16, Boulevard Royal
P.O. Box 562 – 2015 Luxembourg
Telephone 476 8111, att. Jens Hasse

Privatbanken A/S
Singapore Branch
21 Collyer Quay
18-01 Hongkong Bank Building
Singapore 0104
Telephone 2250511, att. Per Toft Rasmussen

The above foreign branches and subsidiaries of Privatbanken can also provide you with information concerning the bonus issue of Radiometer A/S.

Copenhagen, 31st May 1985.

The Supervisory Board of
RADIOMETER A/S

Company Notices

GOLD FIELDS GROUP

DECLARATION OF DIVIDEND

The following interim dividend has been declared in South African currency, payable to members registered in the books of the company at the close of business on 28 June 1985:

Name of Company (Incorporated in the Republic of South Africa)	Dividend No.	Cents per share
The Clydesdale (Transvaal) Collieries Limited	144	50

Dividend warrants will be posted on or about 6 August 1985.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 28 June 1985 in accordance with the abovementioned conditions.

The register of members of the company will be closed from 29 June to 5 July 1985, inclusive.

By order of the Board
per pro CONSOLIDATED GOLD FIELDS PLC
London Secretaries
Mrs G. M. A. Gledhill, Secretary

London Office:
49 Moorgate
London EC2R 6BQ

United Kingdom Registrar:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

13 June 1985

TRANS-NATAL COAL CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

CLOSING OF REGISTERS AND PAYMENT OF INTEREST ON 12.7% UNSECURED SUBORDINATED COMPULSORILY CONVERTIBLE DEBENTURES

NOTICE IS HEREBY GIVEN that interest for the period ending 30 June 1985 will be payable to holders of the abovementioned debentures registered in the books of the company at the close of business on 5 July 1985.

The registers of debenture holders will be closed from 6 July 1985 to 21 July 1985, both days inclusive.

The interest is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 19 August 1985 or the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders' tax of 10 per cent will be deducted from the interest payable to debenture holders whose registered addresses are outside the Republic of South Africa.

The interest cheques dated 30 August 1985 will be posted on 27 August 1985.

By order of the Board
per pro GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines

70 Ely Place,
London EC1N 6UA
14 June, 1985.

London Transfer Secretaries
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Banque Nationale de Paris p.l.c.

£25,000,000

Subordinated Floating Rate Serial Notes 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 12th June 1985 to 11th December 1985 the Notes will carry an Interest Rate of 12⅞ per cent. per annum.

The interest amount payable on the relevant Interest Payment Date, which will be 12th December 1985, is £311.79 for each Note of £5,000 and £3,117.89 for each Note of £50,000.

Kleinwort, Benson Limited
Agent Bank

UMB

U.S.$15,000,000,00
UNITED MIZRAHI INTERNATIONAL INVESTMENTS NV
Guaranteed Floating Rate Notes 1987
For the six months
17 June 1985 to 17 December 1985
The Notes will carry an interest rate of 8$\frac{1}{16}$% per annum
Coupon Value U.S.$422.55
Listed on The Stock Exchange, London

U.S. $100,000,000

Toyo Trust Asia Limited

Guaranteed Floating Rate Notes due 1999

Guaranteed as to payment of principal and interest by

The Toyo Trust and Banking Company, Limited

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 14th June, 1985 to 16th December, 1985 the Notes will carry an Interest Rate of 8⅜% per annum. The interest amount payable on the relevant Interest Payment Date which will be 16th December, 1985 is U.S. $411.11 for each Note of U.S. $10,000.

Credit Suisse First Boston Limited
Agent Bank

U.S. $300,000,000

CL

Crédit Lyonnais

Floating Rate Notes Due 1996
Tranche of U.S. $200,000,000

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 14th June, 1985 to 16th December, 1985 the Notes will carry an Interest Rate of 8$\frac{7}{16}$% per annum. The interest amount payable on the relevant Interest Payment Date which will be 16th December, 1985 is U.S. $414.32 for each Note of U.S. $10,000.

Credit Suisse First Boston Limited
Reference Agent

Redland offsets flat UK trading

GROWTH FROM Redland's overseas operations was sufficient to compensate for a static performance in the UK, and as a result the group was able to show an increase of just over 15 per cent in pre-tax profits for the 1984-85 year.

The outcome of the period to March 31 1984, at £108.2m against a restated £93.8m, was slightly higher than the market consensus forecast, and the shares rose 4p to 282p on the day. The total dividend for the year is increased by 1p to 10.5p per share with the payment of a final of 6.925p.

Overseas subsidiaries of this building materials to fuel distribution concern accounted for the bulk of the £18.1m improvement in operating profits of £118.7m. They added £12.9m more at £42.7m, while the group share of associate profits, again principally overseas, showed a rise of £4.8m to £24.9m at the operating level.

In contrast, the group's UK operations were only marginally ahead with operating profits of £51.1m against £50.7m on sales of £563.7m against £555.3m. Mr Colin Corness, the chairman, singled out the severe winter weather as a factor affecting the UK construction divisions, and added that the miners' strike reduced the profits of the Cawoods fuel distribution companies by 15 per cent.

The marginal increase in the UK was due to the strong performance of construction activities during the first three quarters of the year.

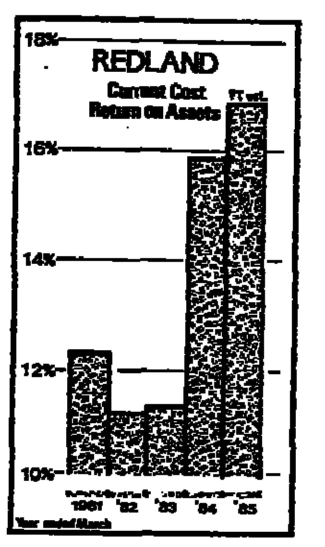
On current outlook, Mr Corness expects an increase in sales for the domestic materials divisions. He says that this, combined with the benfits of recent cost saving investments, and assuming a more normal weather pattern later in the year, will yield increased profits, helped by Cawoods returning to more normal levels of profitability.

Overseas, the chairman says that in Germany the decline in new housing will constrain volume and profits at the Braas subsidiary, but that in the U.S. the profit of Redland Worth Corporation will grow out of the increase in highway expenditure now occurring.

The Monier offshoot is anticipating further profit growth in both Australia and the U.S., and Mr Corness considers that overall these trends should secure some further advance in profits for the current term.

Total group sales for the period under review were up by 5 per cent from £1.18bn to £1.25bn, of which overseas operations accounted for £391.1m against £345m and associated companies £292.5m (£283.9m).

Profits for the prior year have been restated using average rather than end of year exchange rates. The change in accounting policy was made because of the very sharp fluctuations in recent currency values. The Redland board considers that the exchange rate on any one day can be unrepresentative and can cause "misleading results."



Cawx

Under the old policy of year-end exchange rates, pre-tax profits for the year under review would have amounted to £105m against £95.9m, with earnings per share at 27.1p compared with 24.9p. Stated earnings for 1984-1985 are shown at 28p (24.6p).

Net interest payable rose from £6.8m to £10.5m, and the group paid £15.4m (£14.8m) in UK tax and £21.7m (£19.9m) in overseas tax. Net profits came out at £71.1m against £59.1m. Minority interests took a larger slice at £11.8m against £7.6m, and extraordinary charges were £7.5m higher at £9.7m.

The dividend will account for £2.5m more at £22.5m, leaving the group with a retained surplus of £27.1m compared with £29.3m last time when there was a £5m transfer from reserves.

Net cash generated during the year before acquisitions was £32.7m. Over the last three years net cash generation has exceeded £100m in total. In the year to March 1985 £38.9m net was spent on acquisitions.

Net borrowing at the end of the year totalled£64.9mcompared with £52.3m at the previous year-end. The ratio of net borrowings to equity increased to 23 per cent from the prior year's level of 20 per cent.

In his analysis of overseas operations, the chairman says that in Germany sales volumes were below the previous year but Braas was able to improve margins and generate higher profits.

In the U.S., the profit of Redland Worth continued to grow in local currency terms and was enhanced in sterling terms by the rise in the U.S. dollar. Activity remained "very buoyant" in Australia with Monier reporting profit for the 12 months to December 63 per cent higher than in 1983.

See Lex

GrandMet to sell Pinkerton for £109m

By Martin Dickson in London and David Brown in Stockholm

Grand Metropolitan, the hotels, foods and brewing group, is selling Pinkerton Tobacco Company, its U.S. chewing and pipe tobacco business, for $137.8m (£109m) to Svenska Tobaks AB of Sweden.

The deal comes three months after Grend Met announced that it was putting Pinkerton up for sale because its business did not fit the group's "long-term strategic objectives."

GrandMet will use the proceeds to reduce borrowings, and this will give it greater flexibility in considering further acquisitions in the U.S., where it plans substantial growth in the fields of branded consumer products and services.

However, it is keen to get out of the tobacco business. Apart from Pinkerton, it would like to sell Liggett and Myers, its U.S. cigarette manufacturing company, which has been hit hard by a price war in generic (unbranded) cigarettes. Plans for a $325m management buy-out collapsed last year and the current state of the market seems to preclude any early disposal.

Pinkerton, which is based in Owensboro, Kentucky, made operating profits of $18.3m in the year to September 30 on sales of $103m. Net assets totalled $83m at that date. Red Man, its top brand, is said by GrandMet to be the largest-selling loose-leaf chewing tobacco in the U.S. Sales of its pipe tobacco are declining, but it is investing in new products, such as snuff.

Svenska Tobaks is a wholly-owned subsidiary of Procordia, the Swedish state holding company. It holds 85 per cent of the Swedish market for cigarettes, snuff and rolling and pipe tobacco.

Pinkerton was acquired by GrandMet, together with Liggett and Myers, in 1980 when it took over the Liggett Group for $540m in its first major U.S. acquisition.

GrandMet, whose shares closed last night at 290p, up 3p on the day, expects to complete the deal by the end of next month.

Intl. Signal at £31.6m after strong second half

STRONG GROWTH over the International Signal and Control Group to record improvements of second six months enabled the 45 per cent and 42 per cent respectively in both sales and pre-tax profits for the full year to March 31 1985.

The results included a full 12 months' contribution from Marquardt, which showed outstanding progress and strengthened its position in all main areas of activity.

The directors say Marquardt's order intake has been strong, culminating in the recent confirmation of its participation in the Tactical Munitions Dispenser programme.

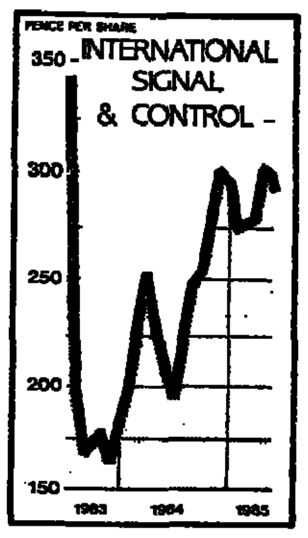
For the year the group increased its profits before tax by U.S.$11.86m (£9.37m) to $40.02m (£31.6m) from a turnover $93.57m (£74m) ahead at $300.89m.

The final dividend is being lifted from 1.3 cents to 1.5 cents for a total net total 0.5 cents higher at 2.5 cents. Earnings per 10 cent ordinary amounted to $0.176 (13.9p), compared with $0.133.

The international division achieved the higher level of profits anticipated by the directors in their interim statement. The range of products continues to expand and they expect further progress in 1985-86.

The group is engaged in two main activities: international systems and technical services, which consists of worldwide activities related to the provision of security systems, defence and related electronic systems, communications systems and technology transfer and distribution services.

The other field is electronic and aerospace design and production. This takes in design, engineering and manufacturing activity in the areas of communications, electronic sensors, dynamics (including propulsion units for missiles, satellites, spacecraft and other aerospace applications), ordnance (including air-launched weapons programmes) and aerospace components.



Mr James Guerin, the chairman, says that during the past year the group experienced a number of delays in finalising contract negotiations and adds that the risks of operating in international markets continues to be high.

However, shareholders are told that a number of opportunities emerged in 1984-85 and the amount of new business now in the final stages of negotiation is most encouraging.

Group operating profits improved from $27.24m to $41.79m—comparisons included only 7½ months from Marquardt.

Interest charges took $1.77m (added $917,000). After tax of $16.01m ($11.25m) the profit attributable to shareholders came through at $24.01m

At the six months' stage the group was showing a rise of some $5m. In their interim statement in November the directors said that, as in the case of the previous year, a greater proportion of turnover and profits would fall in the second half.

● comment

International Signal & Control was offered to the London market in late 1982 on a prospective earnings multiple of 18. In those heady days, that appeared an unduly modest rating and the shares jumped by a third in no time. Since then ISC has made two intelligent acquisitions, improved the quality of its earnings—this year 60 per cent of sales will be to Europe and the U.S.—and turned in consistent earnings growth. Profits in the latest year to March are up 42 per cent pre-tax in dollar terms. ISC has been rewarded for its progress with a prospective multiple rather below that on which it was first offered to the public. Given that ISC was the apple of the market's eye when it was virtually a single product company selling to Africa and the Midle East, the effective downgrading of the shares seems just a touch perverse. Yesterday the price fell 10p to 285p.

Agreed £7m offer for Resource Tech.

Inspectorate International, an oil industry service group controlled by Swiss financier Mr Werner Rey, is making a £7m agreed offer for Resource Technology, a Luton-based company operating in similar fields.

The bid is 52½p in cash for each RT share, of which the market price rose 4p to 50p yesterday. It carries the recommendation of the RT board who hold 14.8 per cent of the equity.

More than 60 per cent of Inspectorate's 1984 turnover of £50m was in the UK. Its services include technical inspection, supply of communications systems to the offshore oil industry, and the rental of electronic equipment backed up by its own staff.

RT, which has suffered falling profits and is undergoing a reorganisation, makes communications equipment and supplies geophysical services. It also has an underwater centre training divers at Fort William.

Mr R. J. Stallard, chairman and chief executive, will remain in command of RT.

Taylor Woodrow rights criticised

BY LIONEL BARBER

SHARES in Taylor Woodrow slumped yesterday after the UK civil engineering group announced a £42.3m rights issue.

Taylor shares dropped 44p at one point, recovering slightly to close at 412p, down 36p on the day.

Brokers criticised the timing of the one-for-five issue and questioned why Taylor, which has strong net cash balances, needed to call on shareholders for more money.

"It looks very opportunistic," said one broker. Another broker commented: "The company is not looking for any acquisitions so it's hard to see why they need the money."

Mr Dick Puttick, chairman and chief executive, defended the cash call. "We like to maintain a cash position to cover current and anticipated needs."

Hambros, Taylor's merchant bank advisors who underwrote the issue, said: "We are not surprised by the criticism, but Taylor Woodrow is a well-managed company which believes in a fairly conservative balance sheet."

Taylor is offering 11.81m ordinary shares at 370p on the basis of one new ordinary share for every five held. This represents a discount of 17 per cent on yesterday's opening price of 448p.

In a bid to counter the market's initial scepticism, Taylor cited several key property developments in the UK which would absorb almost £40m of the rights issue proceeds.

Among the projects mentioned were an office development at West Gate, Ealing, a redevelopment scheme in Hounslow, Middlesex, and future work at St Katherine's Dock, where the new London Commodity Exchange is being built.

Taylor added that it had commitments overseas including housing, property development and construction in the U.S. and also needed to fund the acquisition of further sand and ballast reserves in the UK.

But brokers pointed out that Taylor's last recorded gross bank balances and cash amounted to £85.7m. "They could afford easily to be more heavily geared," said one broker. Another critic said that the market would have viewed a bond issue or an offering of convertible loan stock more favourably. "A rights issue is unimaginative, to say the least."

On current trading, Taylor said business was "not unsatisfactory" and the order book was around 25 per cent higher than last year. Last April, the group declared 1984 pre-tax profits of £42.49m on turnover of £777m against £35.92m on £695.7m in 1983.

See Lex

Static £11.6m is in line with Pauls' bid forecast

Pauls, the animal feed and malt producer taken over by Harrison and Crosfield earlier this year in a deal worth £116m, reports virtually static figures for the year ended March 31 1985.

The pre-tax result for the period was a £11.59m profit compared with £11.33m on turnover at £325.92m against £346.36m. The 2 per cent increase in profit was in line with the forecast made at the time of the bid. The 6 per cent drop in sales was due to the reduced demand for both animal feed and malt.

The directors have declared a second interim dividend of 10.5p per share for a total of 13p, up from 8.5p. Earnings per share are shown as 24.61p, down from successful year, say the directors.

The agriculture division improved efficiency by reducing overhead costs and maintained its margins. Livestock production had a better year.

In the face of lower export sales, Pauls Malt reduced production capacity and ceased operations in Germany. Both the Scottish flour mill and the Ipswich grain terminal had a succesful year, say the directors.

Flavours & Fragrances moved ahead and Telford Foods showed a 50 per cent increase in profits in its first year as a member of the group.

Breckland Farms achieved record results and other related companies made improved profit contributions.

Fraser lifts Debenhams stake to 6.17%

House of Fraser, the stores group, has increased to 6.17 per cent its strategic stake in Debenhams, the Hight Street rival which is fighting a £475m takeover bid from Burton and Habitat-Mothercare.

House of Fraser, recently acquired by the Egyptian Al-Fayed family, is keen to have some say in the fate of Debenhams, as is Harris Queensway, which has built up a stake in the group of under 5 per cent. Mr Gerald Ronson's Heron International is also believed to hold a significant stake.

James Finlay advances 37%

A STRONG performance by its plantations interests helped James Finlay to increase pre-tax profits by 37 per cent on turnover up by 35 per cent. Plantations saw taxable profits riseby 43 per cent to £24.77m and there were other good results in banking services, where profits more than doubled to £2.48m and trading, manufacturing and merchanting which saw profits rise to £8.08m (£3.85m).

The improvement was achieved despite a turnround of almost £5m to losses o f£217,000 in the group's energy-relaetd interests. That was an improvement on the interim figure of a loss of £441,000.

Turnover for 1984 was £236.35m (£175.43m), which after taking into accountp rofits of associated companies of £696,000 (loss £615,000), gave pre-tax profits of £37.94m (£27.7m). After tax of £19.18m (£12.67m), minority interests of £311,000 (£2.53m) and extraordinary items of £78,000 (£909,000), attributable profits were £18.38m, compared with the previous year's £11.6m.

Earnings per share on a net basis were 20.4p (13.9p). A final dividend of 2.15p is proposed, making a total for the year of 4.15p.

The pre-tax profit was arrived after interest payments of £8.48m and crediting net realised exchange gains of £2.22m.

The geographical spread of the group's profits changed during the year with substantial gains in Africa, almost doubled at £21.83m and North America, where profits more than trebled to £2.44m.

● comment

Those investors who had drawn a line through the figures from Eastern Produce and assumed that James Finlay could produce £40m pre-tax last year turned out to be a little disappointed yesterday. Still a profits rise of 37 per cent should not be quibbled with given that the Bangladesh tea crop was so poor leaving Asian profits lower by £1m. The driving force behind last year's rise was obviously the buoyant tea price but markets travel both ways and weak tea values earlier this year suggest caution is necessary in predicting 1985 profits. To date crop returns have been better than 1984 so the lower price does not automatically mean lower profits but even so Finlay will be pushed to produce much more than a modest increase at the pre-tax level. So the shares, trading on a p/e of 6½ at 133p are unlikely to see much action over the next few months assuming that nothing comes out of the market rumours about John Swire's 29 per cent stake. Gossip claims that Swire will pass the shares on to a buyer angling for 100 per cent control. Both Swire and Finlay deny such thoughts but the whispers remain.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
ACT (Holdings)	1.15	Aug 14	0.57*	1.5	0.74*
Ashdown Inv. ......int.	1	Aug. 9	0.77*	—	2.73*
Belhaven Brewery	0.4	Aug 15	Nil	0.75	Nil
British Steam	4	July 26	3.5	6.25	5.32*
Brown Shipley†	5.75	Aug. 3	5	9.25	8.5
Bulmer & Lumb	3.35	Aug 2	2.85	5	4.5
Electra Inv. Tst.	2	July 25	1.85	3.7	3.47
B. Elliott	1.9	Sept 10	Nil	2	0.1
El Oro	4.2	Oct 31	6.3	4.2	6.3
Exploration	2.1	Oct 31	3.15	2.1	3.15
James Finlay	2.15	July 25	2*	4.15	3.67*
Forshaws Burtonwood	7.5	—	6.59	10	9.09
Thos. French ......int.	1.5	Aug 30	1.15*	—	2.87*
Intl. Signal¶	1.5	Aug 9	1.3	2.5	2
North. Securities	1.4	July 27	1*	2.07	1.67*
Pauls ......2nd int.	10.5	July 23	6	13	8.5
Redland	6.93†	Oct 1	6.18	10.5†	9.5
Sidlaw ......int.	2.75	Aug 9	2.5‖	—	8.33‖
600 Group	3.16	Aug 5	2.91	5.5	5.25
Staveley	11	Aug 6	9.5	15.5	14
Sterling Industries	1.75	Aug 2	1.6	2.25	2.1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ U.S. cents throughout. ‖ Adjusted for subdivision and scrip.

FUGIT
First Union General Investment Trust Limited
(Incorporated in the Republic of South Africa)
A MEMBER OF THE LIBERTY LIFE GROUP

INTERIM REPORT for the six months ending 30 June 1985

	Notes	Six months ending 30 June 1985 (Estimated)	Six months ended 30 June 1984 (Actual)	Year ended 31 December 1984 (Actual)
Net income after taxation	1 & 2	R10 156 000	R8 484 000	R17 715 000
Number of shares in issue		74 520 000	74 520 000	74 520 000
Earnings per share		13,63 cents	11,38 cents	23,77 cents
Dividends				
Interim - declared 13 June 1985		7,5 cents	7,0 cents	7,0 cents
Final - declared 6 December 1984		—	—	12,0 cents
		7,5 cents	7,0 cents	19,0 cents
Net asset value per share		533 cents	484 cents	457 cents

Notes:
1. The income of the Trust does not accrue evenly over each six month period of the financial year but is dependent on the timing and dividend policies of the Trust's underlying investments.
2. Surpluses on realisation of investments have been transferred to a non-distributable reserve in terms of the articles of association of the company and have not been included in the earnings above.
3. The net asset value shown under 30 June 1985 is calculated at the close of business on 12 June 1985 after deducting the dividend herein declared.

DECLARATION OF INTERIM DIVIDEND
in respect of the year ending 31 December 1985

Notice is hereby given that interim dividend No. 49 of 7,5 cents (1984: 7,0 cents) per share has been declared in respect of the year ending 31 December 1985 payable to shareholders registered in the books of the company at the close of business on Friday, 28 June 1985.

The dividend has been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries on or about 19 July 1985. Cheques in respect of dividends issued by the United Kingdom transfer secretaries will be drawn in United Kingdom currency equivalent as at 12 July 1985. Non-resident shareholders' tax at the rate of 15% will be deducted from dividends where applicable.

BONUS CAPITALISATION ISSUE

Shareholders were advised on 1 March 1985 that in order to stabilise the increasing trend in the build-up of reserves the directors of the company considered it desirable to capitalise portion of the company's non-distributable reserves by way of a one for ten bonus capitalisation issue. Shareholders were also advised that they would be given the opportunity to elect to receive a special cash dividend in lieu of the bonus capitalisation shares to which they would be entitled.

Shareholders are now advised that the directors have decided to proceed with the bonus capitalisation issue and shareholders registered at the close of business on 28 June 1985 will be entitled to receive bonus capitalisation shares in the ratio of one new ordinary share for every ten ordinary shares held.

Shareholders wishing to receive bonus capitalisation shares need take no further action and will automatically receive such bonus capitalisation shares.

Shareholders registered as at the close of business on 28 June 1985 may elect on or before 19 July 1985 to receive a special cash dividend in lieu of the bonus capitalisation shares to which they would be entitled which will be equitably calculated in relation to the net asset value of the company at the close of business on 5 July 1985 and will be paid out of the company's distributable reserves. This special cash dividend will be determined on the basis of approximately one eleventh of the company's net asset value per share at the close of business on 5 July 1985 before taking into account any new ordinary shares to be issued pursuant to the bonus capitalisation issue.

In order to determine those shareholders entitled to participate in the bonus capitalisation issue, immediate settlement will be required in respect of all bargains in the company's ordinary shares concluded on The Johannesburg Stock Exchange from Monday, 24 June 1985 to Friday, 28 June 1985, both days inclusive. Persons not registered as shareholders on the last day to register (viz. 28 June 1985) will nevertheless be treated as such if the relevant documents of title in proper form required to give effect to such registration are received by the South African transfer secretaries through the post by 12h00 on Wednesday, 3 July 1985 in envelopes postmarked on or before the last day to register.

The special cash dividend will be declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries on or about Monday, 29 July 1985. Cheques in respect of dividends issued by the United Kingdom transfer secretaries will be drawn in United Kingdom currency equivalent at 26 July 1985. Non-resident shareholders' tax at the rate of 15% will be deducted from dividends where applicable. A circular setting out the further particulars in regard to the bonus capitalisation issue will be posted to shareholders on or about 8 July 1985.

On behalf of the board

D. Gordon (Chairman)
J.R. McAlpine (Director)

South African transfer secretaries
Central Registrars Limited
4th Floor
154 Market Street
Johannesburg, 2001
(P.O. Box 4844)
Johannesburg, 2000)

United Kingdom transfer secretaries
Hill Samuel Registers Limited
6 Greencoat Place
London SW1P 1PL

Johannesburg
13 June 1985

A1892

Ward White Group plc

CONTINUED GROWTH SEES RECORD PROFITS

PROFITS UP
Pre-tax profits up 63 per cent in 1984/5 to £14·306 million

DIVIDENDS UP
Dividends increased by over 15 per cent to 5·694 pence per Ordinary Share

EARNINGS PER SHARE UP
Earnings per share rose 33 per cent to 19·28 pence per Ordinary Share

AND NEW ACQUISITIONS
The major developments in 1984 were the acquisition of Halfords Limited, and the purchase of a 44·7 per cent interest in Wiener Enterprises Inc., which is now listed on the American Stock Exchange.

"1984 has proved to be another year of significant growth for the Group, both in terms of sales and profit and I have no doubt that substantial growth opportunities exist in all our areas of activity. We have made a good start to the current year with sales running well ahead of last year. The prospects for all sections of our business are encouraging and I look forward with confidence to the current year's outcome."

Philip Birch
Chairman

BANQUE INDOSUEZ

IPNA 3 : the third U.S. Real Estate Fund

BANQUE INDOSUEZ announces the third in a series of closed end U.S. real estate funds. IPNA 3 Fund is for institutional and private investors who want diversification in U.S. real estate properties and participation in the income and appreciation realized as the result of professional management.

The investment philosophy of the North American Real Estate Division of BANQUE INDOSUEZ, advisor of IPNA Funds, is to purchase existing properties located in metropilitan areas of the continental United States. The geographic preference is the North-East corridor and the West Coast. The advisor's intent is to maximize income and appreciation in value though intensive management.

The first IPNA Fund initiated this investment philosophy in 1981 and has proven most successful. An investment of USD 100,000 at the fund's commencement in late 1980 was worth USD 160,048 after deduction of fees and taxes at the end of 1984. The second Fund initiated in 1983 is currently being invested and it is expected to have a similar return.

IPNA 3 will purchase well-located, mismanaged properties on the East Coast. These properties will then be subject to intensive management, which will include cost-conscious rehabilitation ans an upgrading of tenants, thus producing greater income and appreciation than is available from purchasing traditional exciting properties.

IPNA 3 subscription was well received internationally. Nearly USD 28 million was successfully raised by March 28 and as a result the fund has been listed and quoted on the parallel market of the Amsterdam Stock Exchange. A celebration of this event took place on May 14 at the Stock Exchange in presence of its President Drs. B.F. BARON VANITTERSUM.

With the completion of the investment of the third fund, BANQUE INDOSUEZ will have developed for its international clientele a portfolio in excess of USD 100 million of real estate located within the United States.

This announcement appears as a matter of record only.

U.S. $7,500,000

Project Financing

for

Dicalite Corporation

a wholly-owned subsidiary of

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for

Dicalite's Diatomite Mine and Plant
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Lead Bank

European Banking Company
Limited

May 1985

This advertisement does not and is not intended to form the basis of any offer of the share capital of, or the undertaking or assets of Vosper Thornycroft (UK) Limited.

Vosper Thornycroft (UK) Limited

(A subsidiary of British Shipbuilders)

We have been requested by British Shipbuilders to find a purchaser for the whole of the share capital of Vosper Thornycroft (UK) Limited.

Vosper Thornycroft (UK) Limited, based in Southampton and Portsmouth, specialises in the building of warships and is the principal UK shipyard for the construction of Glass Reinforced Plastic vessels. It also has substantial design capabilities and is involved in various activities related to shipbuilding, such as the design and manufacture of high technology ship and industrial control equipment and the design and assembly of ship stabilisers, steering gear and hydraulic systems. Unaudited profit before tax, but after extraordinary items, for the year ended 31st March 1985 was £7.9 million (1984 – £4.1 million).

Lazard Brothers will, at its discretion, make available further information to interested parties. Initial offers should be submitted by 16th August 1985. It should be noted, however, that under the Aircraft and Shipbuilding Industries Act 1977, the consent of the Secretary of State is required before British Shipbuilders disposes of any interest in any of its wholly-owned subsidiaries.

Enquiries: **Telephone: 01-588 2721.**
E. W. Dawnay.

Lazard Brothers & Co. Ltd.,
21 Moorfields,
LONDON EC2P 2HT.

UK COMPANY NEWS

Profits at ACT more than doubled

TAXABLE profits were more than doubled for the British micro - computer manufacturer, Applied Computer Techniques (Holdings) for the year to March 31 1985, on turnover up by 82 per cent.

On turnover of £92.4m, pre-tax profit was £10.65m (£4.64m). But there was a greatly-increased tax charge of £5.24m, (£1.11m) the result of the 1984 budget which abolished stock relief and reduced incentives for capital investemnt

Directors say that there was an increase in profit margins from 9.1 per cent to 11.5 per cent and that the pre-tax profit was struck after a stock write-off of more than £1m.

A final payment of 1.15p net per 10p share is proposed, compared with previous final of 0.57p, adjusted for last year's scrip issue. That makes a total of 1.6p (0.74p).

● comment

ACT has not yet been hurt by the terrible conditions in the market for personal computers as these encouraging results show. By sharp contrast to its American competitors, margins have widened, chiefly because the company is manufacturing a larger proportion of its computers itself. Profits have more than doubled even after a £1m write-down on stocks following the recent cut in the cheaper end of ACT's computer range. So far this year sales are comfortably up, and the company hopes for a further boost in the second half from a major new range of products. And yet the market remains more than a little anxious, and the shares are hovering around their low point for the year. ACT sells mainly to first-time users, and there is some evidence that this market is moving increasingly towards the safety of the giant producers like IBM. If the company's proven strengths in management and marketing can win through again, and if it makes say £17m this year, the shares at 165p look absurdly cheap on a p/e of 8.2 (40 per cent tax). However, in times when everyone from IBM to Acorn is suffering, it would have to be a very complacent investor to ignore those whispers of a fall in profits now being passed around the market.

600 Group doubles on strength of machine tools

LARGELY DUE to a return to profit by the machine tools division, 600 Group was able to report almost doubled pre-tax profits in the year to March 31 1985. Sir Jack Wellings, the chairman, says that the current order book is substantially ahead of last year.

The taxable result for 1984-85 came to £7.62m, compared with £3.84m, with the machine tool side reporting a £5.56m turnround to a surplus of £3.5m. The other two divisions—engineering and iron and stel—also showed improvements, with profits up from £364,000 to £650,000 and from £1.01m to £1.59m respectively.

External sales rose from £145.57m to £187.32m, and produced operating profits of £9.32m against £4.24m. Last year's accounts show a trading loss of £690,000, compared with a profit of £5.74m this time. The previous deficit was offset by a higher surplus on the sale of properties and share of related companies.

For the period under review, these two items added £1.04m (£2.92m) and £846,000 (£1.61m) respectively.

The balance sheet further strengthened by a £5.7m extraordinary credit (£64,000), being the profit on the sale of the investment in Clausing Corporation after provision against investments of £7.39m, less costs of closure of business segments of £511,000 net.

The attributable balance came out at £10.85m against £1.82m, and after the higher dividend—a final of 3.16p (2.91p) raises the total for the year from 5.25p to 5.5p—the group was able to transfer £8.28m to reserves, compared with a deficit of £637,000 last time.

Commenting on the year's trading, the chairman says that there was an increase in invoicing of £42m, with export sales up by £16m to nearly £72m and other overseas sales to £27m.

Sir Jack says that the consolidation of the existing investment in the machine tool industry will be furthered by the acquisitions made.

These included the balance of F. Pratt Engineering for £3.13m, the purchase from the receiver of T. B. Pearson & Sons since the financial year end, of the designs and exclusive manufacturing rights for their range of press brakes.

Borrowings were further reduced during the financial year, and Sir Jack says: "We intend to press ahead with the expansion of the group."

After a tax charge of £2.47m (£2.16m), earnings per share are shown at 11.2p (3.5p).

● comment

The strong increase in profits from the 600 Group is no more than the market had been expecting and the shares drifted back fractionally to 106p, where they are not far off the year's high. The company has climbed steeply out of its recessionary trough, but may now have reached another plateau. The machine tool market this year and next could be a tougher place with signs that the growth in capital spending is tailing off. However, the inclusion of the full profits of Pratt, which became a subsidiary earlier this year, may add nearly £500,000 on to the profits of the division. Since the year end prices of scrap metal have fallen about 30 per cent and with volumes also down, the outlook is not promising for the iron and steel products division. A smaller profit on property disposals, partly offset by a lower interest charge due to interest savings after the sale of Clausing last year, may add up to an unchanged total profit for the group in the current year of about £7.5m. After a 40 per cent tax rate, the shares are trading on a p/e of about 10½ which errs on the side of generosity.

Green Prop offer for sale

The full prospectus is published today for an offer for sale by Allied Irish Invesment Bank of 6.6m shares at 197p a share (equal to 78p sterling) in Dublin-based Green Property.

Green is a property development and investment group largely concerned with the retail market but with a small portfolio of offices and industrial developments as well.

Its largest investment property is the Northside Shopping Centre which is an enclosed purpose-built development with 160,000 sq ft of retail space in the north-eastern suburbs of Dublin.

The five-year record shows a steady improvement in rental income, but in the 1980-82 period profits stayed around the I£330,000 to I£360,000 area before rising to I£504,000 in 1983 and I£681,000 in 1984.

The directors are forecasting profits not less than I£900,000 for the current year. A dividend of 12.2p is forecast for a full year giving a yield of 3.5 per cent.

Net tangible assets per share after the offer will be 134.5p.

In the offer for sale 2.48m shares are being sold by the ICI Pension Funds. Following the issue it will hold 12.7 per cent of the equity, the Electricity Supply Pension Scheme 14.9 per cent and John Corcoran, the managing director, 11.2 per cent.

Brokers to the issue are J. & E. Davy in Dublin and Rowe & Pitman in London.

● comment

Green's offer for sale of £4.6m worth of shares is not going to create euphoric stagging by City punters and the fact that the advisors have pre-placed a fifth of the equity as well as arranging underwriting indicates a belt and braces approach. Retail property is fashionable at the moment and the price is pitched at a 28 per cent discount to net asset value against a property sector average nearer to 25 per cent and, say, 20 to 22 per cent for companies with a retail bias. So on the basic numbers the offer is priced reasonably attractive. Investors, however, are likely to be limited to institutions with Irish liabilities that see Green as a way of adding a little bit of balancing assets. Others, looking at currency and political factors, may prefer to stay away.

Stormgard bid for Selincourt increased

Stormgard, the "shell" vehicle for Mrs Jennifer d'Abo's bid for Selincourt, the fashionware and fabrics group, yesterday increased the cash alternative from 26p to 28.6p. That offer and the £20m 13 for 10 share offer were declared final and June 28 was set as the final closing date.

Morgan Grenfell, advisers to to Stormgard, said there was no case for increasing the paper terms and that any improvement in them would have diluted the 26 per cent stake to be held by the five institutions who are backing the offer.

Selincourt maintained its rejection of the bid, arguing that it "will be better served by the existing management team than by Mrs d'Abo." It said it will be able to raise capital through a rights issue offering shareholders a greater stake than is being offered them by Mrs d'Abo.

At the first closing date, Stormgard had received acceptances totalling 26.5 per cent of Selincourt.

Shires wins the battle for BAGS

Shires Investment, an investment trust managed by Stanecastle Assets, yesterday took control of the much larger British American and General Trust, managed by Kleinwort Benson, after receiving acceptances to its offer covering 76 per cent of BAGS ordinary equity.

BAGS had termed the offer inadequate, but advised acceptance of the cash alternative. Shires closed its cash offer when declaring the bid unconditional. Its offer of a package of Shires paper was extended until further notice.

Shires plans to liquidate the BAGS portfolio, which is general with an emphasis on U.S. high technology, and to reinvest the proceeds in line with its own income-seeking policy.

The victory means that funds under management by Stanecastle, now totalling about £50m, will more than double.

Stanecastle, run from Edinburgh by Mr Willie Forsyth, has also proposed to take over the management of the £178m Scottish Northern Investment Trust, but has run into competition from four alternative plans now being considered by SNIT. SNIT is managed by Aberdeen solicitors Paull and Williamsons, of which the fund management team had planned to move to Stanecastle.

Plascom flotation postponed

The planned flotation of Plascom, the oil and gas subsidiary of Tarmac, has been postponed because of the poor state of the oil share market.

Tarmac had hoped to float a minority of Plascom, perhaps between 25 and 35 per cent, this month. Mr Graeme Odgers, a managing director of the construction group, said yesterday that the sale would take place when market conditions were suitable.

Plascom had a good management under Mr David Hooker, formerly of Candecca Resources, and a strong cash position following a recent injection from Tarmac, Mr Odgers said.

The flotation would have only a marginal impact on Tarmac's balance sheet, he added. Plascom had pre-tax profits of between £5m and £6m last year out of Tramac's total £110m.

NOTHING SUCCEEDS LIKE SUCCESS

"Profits before tax have increased by an impressive 30%"
WK Roberts, Chairman

YEAR'S RESULTS £ MILLIONS	84/85	83/84	82/83
SALES	185·6	173·0	156·7
PROFIT BEFORE TAX	8·27	6·36	4·28
EARNINGS PER SHARE	39·5p	32·5p	21·8p

Staveley Industries plc

Staveley House, 11, Dingwall Road, Croydon, Surrey, CR9 3DB.
Telephone: 01-688 4404. Telex: 915855

For a copy of our 1985 Report and Accounts, please send this coupon to: Company Secretary, Staveley Industries plc, Staveley House, 11 Dingwall Road, Croydon, Surrey, CR9 3DB.

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FT

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Italy

ANOTHER SPLENDID HALF OF GUINNESS.

"I'm delighted to announce very favourable half-year results for Guinness PLC.

Profits of £37.2 million for the six months ended 31st March 1985 are a record. They represent an increase over the same period last year of 20%. Profits for the U.K. alone increased by 67% to £14.9 million.

This is the seventh successive time I've had improved performance to report, so I think our aim to establish Guinness PLC as a dynamic consumer products and services company with exciting long term prospects can be said to have been achieved.

MANAGEMENT STRATEGY

In many ways it's a new Guinness, with four ingredients. International Beverages, Retailing, Healthcare and Publishing.

These satisfy one or both of our twin growth strategies.

Profit growth for today, by continuous improvement in our established businesses, International Beverages and Retailing.

Profit growth for tomorrow by investment in growth sectors within our established businesses and in exciting new areas such as Healthcare and Publishing.

Vital to the success of both these strategies is the new management team assembled over the past three years.

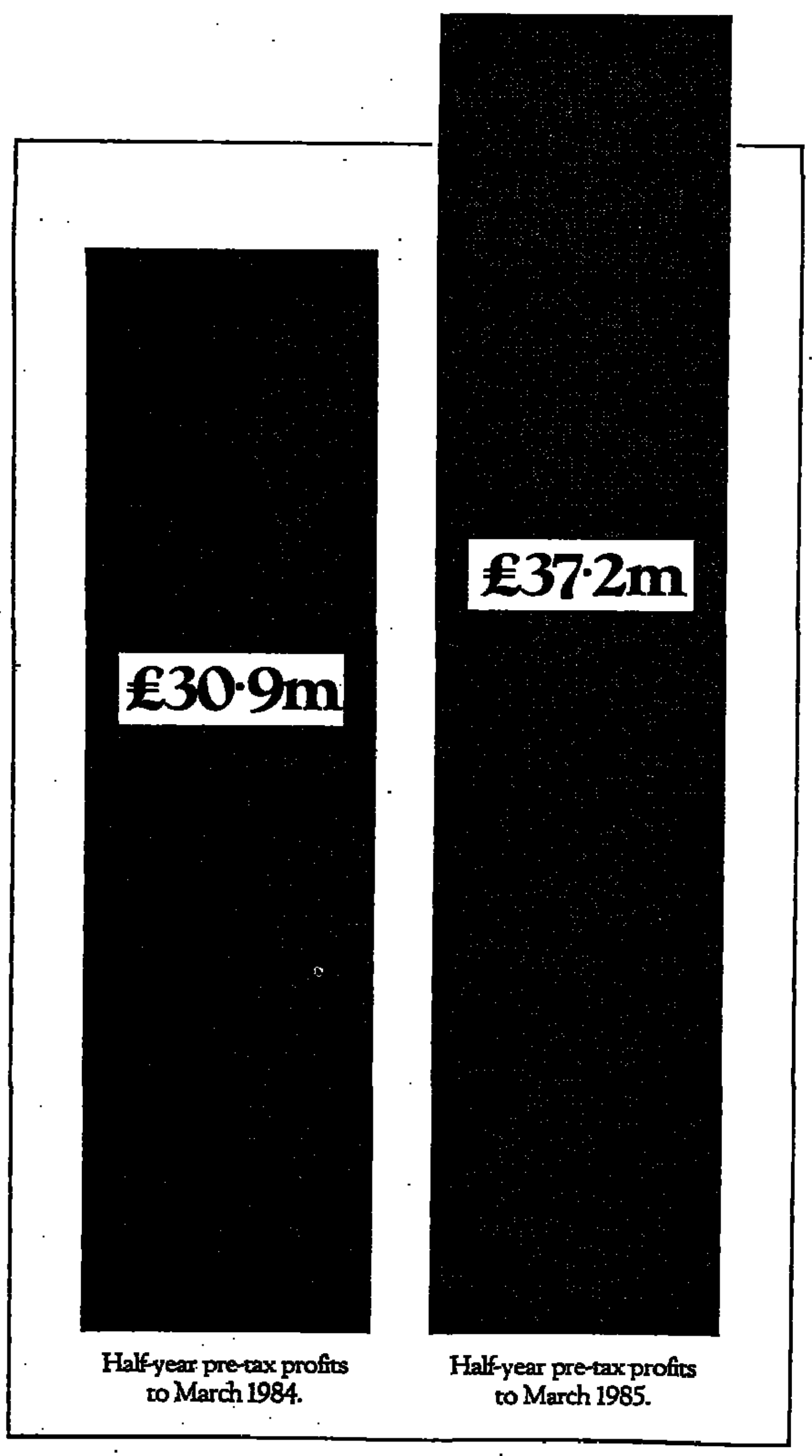
Today's results reflect their work.

The effectiveness of our strategies and management is best illustrated by the fact that this year, earnings per share have increased by 17% and the net dividend has increased by 10% to a record 2.00p.

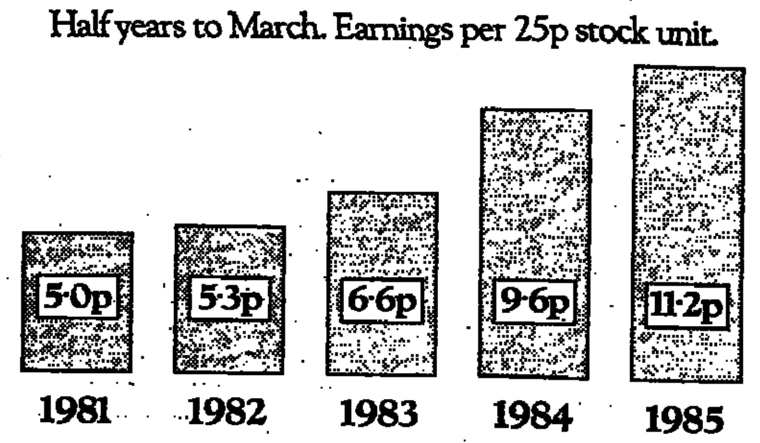
INTERNATIONAL BEVERAGES

Brewing is our solid foundation. Trading profits have increased by 13%.

In our traditional home markets the positive impact of our marketing thrust designed to revitalise the Guinness Brands continues.



Half years to March. Earnings per 25p stock unit.



Volume sales of Draught Guinness in Britain and Ireland have increased.

In the U.S., the Guinness Import Company continues to out-perform the others in its sector of the market, and the growth rate in Germany has also accelerated.

RETAILING

We see retailing as a major growth area for Guinness PLC.

The way Martin the Newsagent chain has already performed since our acquisition last year is very encouraging.

Lavells, our other newsagent chain, enjoys industry-best profitability.

Further evidence of our wish to expand in retailing has been our acquisition of the 7-Eleven chain. A unique concept in convenience shopping.

HEALTHCARE

We have identified Healthcare as an area of outstanding growth potential, and our portfolio currently consists of Champneys Health Spas in Hertfordshire and Stobo Castle in Scotland and Nature's Best Health Products.

PUBLISHING

Guinness Publishing has had an injection of new management and now accounts for some fifty titles.

The division has expanded its operation too, into the Guinness World of Records Exhibition at London's Piccadilly Circus.

Earlier, I described the company as the new Guinness. But an adaptation of our famous slogan from the past seems appropriate. Guinness is good for investors."

ERNEST W. SAUNDERS, Chief Executive.

GUINNESS PLC
GUINNESS IS GOOD FOR INVESTORS

New Issue
June 14, 1985

This advertisement appears as a matter of record only.

South African Transport Services
Johannesburg

DM 150,000,000
8% Deutsche Mark Bonds of 1985/1993

unconditionally and irrevocably guaranteed by the
Republic of South Africa

Issue Price:	100%
Interest:	8% p. a., payable annually on June 15
Redemption:	June 15, 1993
Listing:	Frankfurt am Main

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Commerzbank Aktiengesellschaft	**Dresdner Bank** Aktiengesellschaft
Swiss Bank Corporation International Limited	**Union Bank of Switzerland (Securities) Limited**
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft	**Bayerische Vereinsbank** Aktiengesellschaft
Crédit Commercial de France	**Kredietbank N.V.**

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Banque de l'Union Européenne	Banque Worms	Bayerische Landesbank Girozentrale
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DSL Bank Deutsche Siedlungs- und Landesrentenbank	Effectenbank-Warburg Aktiengesellschaft	Euromobiliare S.p.A.
Genossenschaftliche Zentralbank AG Vienna	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft	Hambros Bank Limited
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B. Metzler seel. Sohn & Co.	Morgan Stanley International	Nedbank International
Norddeutsche Landesbank Girozentrale	Österreichische Länderbank Aktiengesellschaft	Sal. Oppenheim jr. & Cie.
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as agents for

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with

BERGEN BANK

arranged by

HS

Hill Samuel & Co. Limited

April 1985

BANQUE DE L'INDOCHINE ET DE SUEZ
(new BANQUE INDOSUEZ)
U.S.$40,000,000
FLOATING RATE NOTES 1979-1989
NOTICE OF EARLY REDEMPTION

Noteholders are advised that, pursuant to the provisions of "Description of the Notes," Banque Indosuez has elected to redeem all outstanding Notes, in the numerical order from 1-40,000 inclusive, on the next interest payment date due July 15, 1985, at par.

Consequently, on July 15, 1985 there will become due and payable upon each Note outstanding the principal amount thereof together with accrued interest to said date at the offices of any one of the paying agents named on the Notes.

Each Note called for redemption must be presented with all unmatured coupons.

Interest will cease to accrue on all outstanding Notes on July 15, 1985.

BANQUE INDOSUEZ
96, Boulevard Haussmann, 75008 Paris

May 31, 1985

NOTICE TO LOMBARD DEPOSITORS

	Rates for depositors entitled to receive gross interest	Rates for depositors entitled to receive net interest	Gross equivalent to a basic rate tax payer
14 Days Notice Minimum deposit is £2,500	12⅝% pa	9·43% pa	13·48% pa
Cheque Savings Accounts When the balance is £2,500 and over	12⅛% pa	9·06% pa	12·94% pa
When the balance is £250 to £2,500	10⅛% pa	7·56% pa	10.81% pa

Interest is credited on each published rate change, but not less than half yearly.

Lombard
North Central
17 Bruton St, London W1A 3DH.

UK COMPANY NEWS

B. Elliott makes profits but margins narrow

THE MACHINE tool group, B. Elliott, saw its recent improvements continuing in the second half of the year to March 31, 1985. After the first half, in which pre-tax profits returned to the black for the first time in three years, there was a further rise with pre-tax profits for the year of £668,000 against the previous year's loss of £2.78m.

That was achieved on turnover slightly down at £71.06m (£73.56m).

Earnings per share came out at 2.5p (loss 15.34p).

A final payment of 1.9p is proposed, making a total for the year of 2p, against 0.1p for 1983-1984, when no final was paid.

Mr Mark Russell, the chairman, said that after three year's of high losses it was gratifying to record a profit, although it was small and inadequate in relation to turnover.

Most of the objectives, which had been set 18 months ago, had been achieved with the major UK manufacturing units being rationalised and a further substantial reduction in working capital.

He adds that it is the company's policy to remain a major force in machine tools while building up other engineering interests. At present machine tools account for 70 per cent of the business, but he hopes that during the present year acquisitions will reduce that to nearer 50 per cent.

A key task for this year will be the improvement of trading margins, which the chairman says, are still far too slender for comfort. Mr Russell adds that *the group has come through the* last five years in a healthy financial position. Although the first half of the present year may be disappointing, he expects to be able to report a further improvement for the full 12 months.

Operating profit showed a turnround of £2.7m to profits of £1.69m, which after interest payable down at £1.03m (£1.71m), tax of £147,000 (£31,000) and minority interest of £86,000 (£180,000 credits) left attribut*able profits at £435,000, compared* to losses of £2.63m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown *below are* based mainly on last year's timetable.

TODAY

Interims: Associated Energy Services, Flexello Castors and Wheels, Tomkinsons.

Finals: Alpine Soft Drinks, Barlows, Burndene Investments, Property Partnerships.

FUTURE DATES

Interims—	
Crest Nicholson	June 25
Elandsrand Gold Mining	July 18
S. African Land and Explm.	July 18
Southvaal	July 18
Spafax Television	July 18
Vaal Reefs Explm. and Mining	July 18
Western Deep Levels	July 18
Finals—	
Cape Industries	June 18
GEI International	June 18
Headlam Sims and Coggins	June 19
London & Overseas Freighters	June 18
Marshalls Halifax	June 17
Old Court Currency Fund	June 24
R.F.D.	June 25
Volex	June 24
Whitecroft	June 25

Belhaven Brewery at record £1.35m

RECORD PRE-TAX profits of £1.35m, compared with £405,000 previously, have been achieved by East Lothian-based Belhaven Brewery Group for the year to end-March 1985.

At the half way stage the group, which has interests in the brewing and distribution of beer, hotel leasing, inns and public houses, and the operation of a holiday village in the UK and a hotel in Spain, had already made £817,000 and paid an interim of 0.35p net. That was the first dividend payment since 1979.

The directors are now recommending a 0.4p final. Net earnings per 25p share are shown higher at 4.55p (1.77p).

Turnover of the group's continuing operations rose from £9.18m to £11.28m, with the brewery division, the bedrock of the group, increasing turnover by 31 per cent to £7.6m (£5.8m) and operating profits to £652,000 (£489,000).

Hotels and holiday village improved turnover from £1.95m to £2.2m, and operating profits from £85,000 to £128,000. Mr N. G. Virani, the chairman, says that this division produced a useful increase in profitability, but the hotel at Woolacombe in Devon did not meet with expectations.

Construction increased its turnover to £1.43m (£1.42m), but profits fell from £133,000 to £54,000 due to problems associated with a major contract, which are unlikely to be repeated.

In the first two months of the current year the chairman says that the results for each division are ahead of those for the same period last year.

Tax totalled £280,000 (£20,000), and after extraordinary income of £26,000 (nil), and charges of £1.23m last time, attributable profits emerged at £1.1m (£847,000 losses).

Thos. French falls in first half

HIGH INTEREST rates and unfavourable exchange rate movements have helped reduce pre-tax profits at Thomas French *& Sons from £996,000 to £891,000* in the half year ended March 30 1985.

Despite this the directors are recommending an unchanged interim dividend of 1.5p. Last year's interim has been adjusted for the two for one scrip issue in July. A total of 2.875p was paid in 1983-84 on profits of £1.61m. Stated earnings this time are down at 2.26p (4.06p) per 10p share.

At the annual meeting Mr T. J. French, chairman of this Manchester-based maker of curtain styling products and electric *surface heating products*, predicted a lower half-yearly operating profit

On turnover ahead by £2.18m to £14.83m group operating profits fell from £980,000 to £648,000, and the chairman says that the difficult trading conditions, occasioned by, among other things, high interest rates and adverse exchange rate movements, continue.

In addition there are short-term burdens following the decisions to move Tekdata and the South African company into larger premises to cater for *longer-term expansion*. The vacated buildings have not yet been sold or sub-let.

The full benefit of the acquisition of Newell Products in Australia was not felt in this half because the physical merger of that business with the group's Rufflette business only took place in April. He says the directors remain confident that the decisions are in the best interests of the group.

COMPANY NEWS IN BRIEF

Sir John Mason, the new chairman of Thorn EMI (Australia), reports a decline from A$20.75m to A$19.21m in pre-tax profits for the year to March 31 1985. Turnover, however, improved by 4.8 per cent from $168.44m to $176.61m. A final dividend of 7 cents has been recommended, making the total 15 cents for the year.

Tax was lower at $8.19m compared with $9.64m, leaving attributable profits of $9.85m ($11.11m). Stated earnings per share were lower at 23.6 cents against 26.6 cents.

* * *

Net asset value per share at Northern Securities Trust rose from an adjusted 181p to 208p in the year to March 31 1985, and net revenue moved ahead from £198,000 to £289,000.

The final dividend is to be raised from an equivalent 1p to 1.4p for a total of 2.07p (1.67p adjusted). Earnings per share are stated to be 2.63p (1.78p).

Income from investments slipped from £962,000 to £866,000, and other income also fell from £1.1m to £1.04m. Interest payable was down from £619,000 to £429,000, but management expenses were up at £183,000 against £156,000.

The pre-tax balance came out at £424,000 (£321,000) and was subject to tax at £135,000 (£123,000).

* * *

In The Times Veneer rights issue 5.56m (98.56 per cent) of the new ordinary shares have been taken up. The balance has been sold in the market and net proceeds will be distributed pro rata to shareholders entitled, except that any entitlement of less than £2.50 will be retained by the company.

* * *

The Exploration Company, investment dealer, returned pre-tax profits of £1.11m, against £1.3m, for 1984 and is reducing *its dividend from 3.15p to 2.1p* net per 5p share. The related companies' share of profits dropped to £317,000 (£368,000). Tax took £433,000 (£554,000).

Group assets, taking investments at market value, amounted to £15.44m (£14.68m).

The El Oro Mining and Exploration Company, investment dealer, which holds some 40 per cent of the Exploration Company, which in turn holds 50 *per* cent of El Oro, *saw its* pre-tax profits fall from £1.04m to £883,000. The dividend is cut by 2.1p *to* 4.2p per 10p *share*.

Group assets, taking investments at market value, were £11.5m (£11.04m).

* * *

Net assets per 25p share of the Ashdown Investment Trust rose from an adjusted 142.3p to 164.1p over the 12 months ended May 31 1985. For the six months to end-May net revenue rose from £461,938 to £522,491 after tax of £264,254 (£230,254). The interim dividend is 1p (0.77p adjusted) and the company hopes to at least maintain the final (1.97p adjusted).

Gross revenue totalled £968,334 (£807,023). Earnings per share amounted to 1.59p (1.4p adjusted).

* * *

Net asset value per 25p share at Electra Investment Trust increased by 28 per cent from 131.44p to 167.86p in the year to March 31, 1985. The total dividend is increased by 6.8 per cent from 3.465p to 3.7p net with the final up from 1.848p to 2p. Stated earnings per share rose from 3.656p to 4.03p.

*Profit attributable to share*holders for the year amounted to £5.99m compared with £5.5m. Income was up from £13.67m to £16.61m, with the investment trust contributing £13.4m (£11.2m).

Group pre-tax profit was £9.43m compared with £8.5m. Tax took £3.44m (£3.07m). After dividends of £5.5m (£5.15m), retained profits emerged at £491,000 against £353,000.

* * *

Mr Owen Owen, chairman of BTR, says that the company's next acquisition is likely to be in U.S. manufacturing, reports Reuters.

He adds that it is likely to be "largist" and the sort of company that has "not really prospered much in recent years."

* * *

Turnover for the light engineer, *Sterling* Industries rose by £725,000 to £6.87m in the year to the end of March 1985 but operating profits fell by 13 per cent to £551,000. With investment income, less interest payable, up from £19,000 to £39,000 pre-tax profits came out at £590,000 (£653,000).

Despite earnings per 2.5p share falling from 3.28p to 3.11p, an increased final payment of 1.75p net (1.6p) is proposed, making a total of 2.25p (2.1p).

* * *

With all activities showing improvements, pre-tax profits of the Sidlaw Group pushed ahead from £3.17m to £3.34m in the six months to March 29, 1985. The interim dividend is raised from an adjusted 2.5p to 2.75p net.

Turnover rose to £29.22m (£22.76m) and generated trading profits of £3.54m (£3.13m). Oil services rose to £2.37m (£2.35m) and textiles to £1.21m (£86,000). Microsystems losses were cut to £49,000 (£83,000).

The associate, Drexel Oilfield Services (HK), incurred a loss of £207,000 (profit £66,000) but is expected to be profitable next year.

The directors say second half trading prospects in oil services indicate some upturn while *textiles can be expected to revert* to a more normal level.

BANK RETURN

BANKING DEPARTMENT	Wednesday June 12 1985	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	3,899,295,028	— 595,220,102
Bankers Deposits	890,053,564	+ 59,008,881
Reserve and other Accounts	1,469,021,142	— 165,710,209
	6,272,922,734	— 699,921,430
ASSETS		
Government Securities	527,311,381	+ 32,575,000
Advance & other Accounts	709,272,938	— 75,071,566
Premises Equipment & other Secs.	5,065,180,885	— 657,159,480
Notes	8,977,156	— 251,236
Coin	180,404	— 14,148
	6,272,922,734	— 699,921,430

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,111,022,844	— 59,748,764
Notes in Banking Department	8,977,156	— 251,236
	12,120,000,000	— 60,000,000
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	1,606,413,454	+ 94,063,670
Other Securities	10,502,571,446	— 154,063,670
	12,120,000,000	— 60,000,000

VESTLANDSBANKEN
US$5,000,000
Subordinated Floating Rate Notes
Due 1992

For the six months, 17th June 1985 to 17th December 1985, the interest rate has been fixed at 8·3125% per annum. Interest payable on 17th December 1985, will be US$21,127·60 per note of US$500,000 denomination.

PK Christiania Bank (UK) Ltd.
Agent Bank

FULCRUM INVESTMENT TRUST P.L.C.
Net asset value (unaudited) as at 31st May, 1985

Income Shares:	41.04p
Capital Shares:	7.15p

LADBROKE INDEX
981-985 (+3)
Based on FT Index
Tel: 01-427 4411

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.

Cape Industries PLC
(Registered in England No. 40203)

Issue
of
10,001,358 8.4 per cent. Cumulative Convertible Redeemable Preference Shares of £1 each at par

The above-mentioned securities have been admitted to the Official List by the Council of The Stock Exchange.

Copies of the circular to shareholders dated 18th March 1985, comprising the listing particulars relating to the Company required by The Stock Exchange (Listing) Regulations 1984 and containing particulars of the Convertible Preference Shares, are available in the Extel Statistical Services and may also be obtained during normal business hours on any weekday, Saturdays excepted, up to and including 28th June 1985, from:–

Cape Industries PLC
114, Park Street
London W1Y 4AB

Kleinwort, Benson Limited
20, Fenchurch Street,
London EC3P 3DB

Williams de Broë
Pinners Hall, Austin Friars,
London EC2P 2HS

14th June 1985

Until 18th June 1985 copies of the listing particulars will also be available from the Company Announcements Office at The Stock Exchange.

UK COMPANY NEWS

Staveley Industries rises by 30% to £8.3m

Staveley Industries has achieved a 30 per cent increase in pre-tax profits to £8.27m for the year to March 30 1985, compared with £6.36m previously.

This holding company, with interests in electrical and mechanical services, weighing and components, earned some £5.9m (£4.36m) of this in the second half.

The directors are recommending an increase in the final dividend from 9.5p to 11p net making a total for the year of 15.5p (14p). The group's earnings per £1 share are shown as 39.5p (32.5p) net, and on a nil basis as 37.2p (38.6p).

On turnover ahead by 7.3 per cent, from £172.99m to £185.59m, the group achieved a 32.3 per cent increase in trading profits at £11.96m (£9.05m). The directors say that all divisions showed a satisfactory increase in profits with the exception of electrical and mechanical services where the construction industry remained depressed and competitive activity reduced margins.

The profit improvement in weighing and companents was spread across most activities and included a contribution from National Controls Inc (NCI) in which the group now has a 38.6 per cent shareholding as a result of the merger with Electroscale.

There was considerable recovery within industrial measurement. British Salt produced another excellent performance, the directors say, and during the year additional profits were earned through an exceptional demand for salt to cope with the severe UK winter. There was also an unexpected export contract from West Africa.

The turnround in the result from the other engineering interests was largely attributable to the disposals of Williams Machinery and Stavely Electrotechnic Services, and the improving position at Lapointe and Bradley & Foster.

The turnover and trading profit figures for the divisions were split as to electrical and mechanical services £94.99m (£85.57m) and £1.7m (£1.86m), weighing and components £29.84m (£28.36m) and £1.22m (£920,000), industrial measurement £16.92m (£11.33m) and £1.22m (£665,000), minerals £23.59m (£21.17m) and £7.37m (£6.86m), other engineering interests £20.25m (£26.56m) and £472,000 (£1.26m losses).

Capital expenditure for the year was 5.7m, the lowest for a number of years, but all subsidiaries' investment needs have been met, the directors say.

They intend to encourage the organic growth of the existing companies and to continue their policy of strategic acquisitions. They say the year ahead will not be easy but are confident that the group will again move forward.

Tax took £1.85m (£1.08m). Attributable profit emerged at £4.75m (£225,000).

British Steam over £2m in second half

SECOND HALF pre-tax profits at the British Steam Specialties Group improved from £1.36m to £2.11m, and figures for the full year March 31, 1985 were up from £2.33m to £3.71m. The figures have confirmed the view of the directors who said at the interim stage that results for the full year "will continue to reflect an improved performance by the group."

The pre-tax figure includes £231,000 from the sale of two freehold properties and a trade investment, and a charge of £269,00 on closure of the South African operation.

The final dividend is increased from 3.5p to 4p net for a total stated earnings per 20p share were up from 10.2p to 14.2p on a weighted average basis.

Turnover of this specialist supplier of pipeline equipment climebd from £57.88m to£66.28m, and operating profits came out at £4.43m compared with £3.02m. The pre-tax figure was struck after higher interest charges of £720,000 (£684,000). Tax was up from £942,000 to £1.7m.

During 1984-85, the company has been able to take advantage of the gradual recovery in the economic conditions in the UK and most of the other territories in which it operates.

Its distribution activities will continue to be extended and the company will benefit further from the measures already taken to improve profitability.

The business climate for the current financial year appears to be favourable, and experience so far indicates that it could enjoy a year of further prosperity.

Confidence at Bulmer & Lumb

THE directors of Bulmer & Lumb (Holdings) the Bradford-based topmaker and worsted spinner, have expressed their confidence in the future by proposing an increase in the final payment from 2.85p, net per 20p share, to 3.35p. That makes a total payment for the year to the end of March 1985 of 5p (4.5p). (4.5p).

Mr J. H. Nunnerley, the chairman says that directors are confident that significantly greater efficiences could be achieved in the present year.

Turnover rose by 6 per cent to £37.29m, but pre-tax profits were just ahead at £1.7m (£1.64m).

The chairman adds that the effects of relocation and of rebuilding and re-equipment after the fire at the Bolton mill made it difficult to take full advantage of the improvement in trade.

The company had to pay an increase charge of £378,000 (£46,174) because of an increase in base stock reserve due to higher wool prices during the year.

Brown Shipley rises and pays more than forecast

AFTER PROVIDING for tax and a transfer to the inner reserve of the banking arm profits of Brown Shipley Holdings showed an improvement of £792,884 at £3.43m for the year to end-March 1985.

A final dividend of 5.75p (5p) brings the total for the 12 months up from 8.5p to 9.25p net per £1 share on the capital increased by last July's £6.03m rights issue. At that time the directors expected to at least maintain the level of dividend.

Lord Farnham, the chairman, says that both the banking and insurance activities returned materially higher profits which together form the basis for further growth in the current year.

He reveals that the overall result was held back by the costs of moving substantial parts of both operations to the new building in Haywards Heath, Sussex. The moves have already brought administration benefits.

The two former offices there are now vacant. They should be disposed of in the current half year but their costs will again effect the full year's results.

Lord Farnham says the banking results were encouraging — after tax and the transfer to inner reserve profits here improved from £1.53m to £2.35m.

The greater emphasis on fee and commission earning business is making its mark and the corporate finance division had a notably successful year.

The investment division has moved into separate premises and a strong marketing effort has greatly improved public awareness of the group's unit trusts.

Lord Farnham says that in the traditional areas the group was particularly active in trade finance. The Channel Island companies performed well and the Treasury sector continued the profitable development of its customer-based dealing and advisory services.

Growth in the insurance side was well spread—pre-tax profits from this activitiy increased from £1.96m to £2.45m.

Turnover for insurance, comprising net retained brokerage, profit commissions and underwriting profits rose from £9.88m to £10.31m.

School fees insurance business, both in the UK, and the U.S., maintained its progress. Growth of the UK economy ..helped domestic customers

Camford ahead and gains on disposals

Pre-tax profits at Camford Engineering more than doubled from £352,000 to £708,000 in the opening six months of the 1984-85 year, and the group's balance sheet received a further boost with a below the line credit of £547,000, against a comparable £76,000 debit.

The extraordinary surplus represents proceeds from the sale of land and buildings which were the family group's foundry site, and the sale of the door manufacturing activities of Geo. W. King.

Turnover for the period to March 31 was £5.6m ahead at £24.69m, but it was affected in the first quarter by strikes at the company's major customers.

After tax at £66,000 (nil), earnings per share are shown at 3.32p against 1.94p. As is customary at the interim stage, there is no dividend payment.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord. ...	145	−1	6.6	4.5	8.0	9.6
151	135	Ass. Brit. Ind. CULS ...	148	−2	10.0	6.8	—	—
77	51	Airsprung Group	62	—	6.4	12.3	5.8	8.8
42	26	Armitage and Rhodes...	37	—	2.9	7.8	4.6	7.7
157	108	Bardon Hill	157	+1	3.4	2.2	16.8	26.3
60	42	Bray Technologies	60	—	3.9	6.5	7.3	8.5
201	161	CCL Ordinary	163	—	12.0	7.4	4.0	3.8
152	105	CCL 11pc Conv. Pref....	105xd	—	15.7	14.9	—	—
125	10	Carborundum Ord. ...	125	+1	4.9	3.9	6.2	9.7
88	83	Carborundum 7.5pc Pf.	83xd	—	10.7	12.9	—	—
73	46	Deborah Services	46	—	6.5	14.1	4.4	7.1
334	182	Frank Horsell	334	—	—	—	13.4	17.8
268	170	Frank Horsell Pr.Ord.87	266	—	9.6	3.6	10.7	14.0
32	25	Frederick Parker	29	—	—	—	—	—
60	33	George Blair	60	—	—	—	4.0	8.0
50	20	Ind. Precision Castings	25	—	2.7	10.8	6.8	7.4
218	180	Isis Group	180	—	15.0	8.3	7.1	12.9
124	101	Jackson Group	109xd	+1	5.5	5.0	7.3	7.3
285	213	James Burrough	230xd	—	13.7	6.0	8.2	8.2
93	83	James Burrough 9pc Pf.	90	—	12.9	14.3	—	—
94	71	John Howard and Co...	94	—	5.0	5.3	7.5	11.8
225	100	Linguaphone Ord.	223	—	—	—	8.2	8.5
100	92	Linguaphone 10.5pc Pf.	92xd	—	15.0	16.3	—	—
650	300	Minihouse Holding NV	628	—	6.9	1.1	27.4	26.1
120	31	Robert Jenkins	65	—	5.0	7.7	—	—
60	28	Scruttons "A"	34	—	5.7	16.8	17.9	4.1
92	61	Torday and Carlisle ...	75xd	—	5.0	6.7	3.8	6.9
444	330	Trevian Holdings	330	—	4.3	1.3	18.8	18.4
30	17	Unilock Holdings	30	—	1.3	4.3	14.6	21.0
104	81	Walter Alexander	103	−1	7.5	7.3	10.2	12.4
247	216	W. S. Yeates	230	—	17.4	7.6	6.5	11.3

Prices and details of services now available on Prestel, page 48146

COBRA EMERALD MINES LIMITED

(Incorporated on May 10, 1983 with Registration No. 149459/7 under the Canada Business Corporations Act with limited liability)

Shareholders are advised that the consolidated audited financial statements of the company for the fiscal periods ended February 29, 1984 and February 28, 1985, together with the auditors report thereon, have today been posted.

In addition, details of proposals for:

1. The acquisition of a 61% interest in Springs Dagga Gold Mines Limited;
2. a renounceable rights entitlement issue of 20,000,000 new common shares without par value at £1 per share; and
3. the issue of 1,500,000 new common shares without par value to Mr. L.C. Pouroulis.

contained in a circular to shareholders have also been posted.

A notice convening an Annual and Special Meeting of Shareholders on July 5, 1985 is included. Copies of the circular, together with forms of Proxy, can be obtained from:-

BROKERS	TRANSFER AGENT IN LONDON	SHARE REGISTRARS
Laing & Cruickshank	Gerald Quin, Cope & Co. Limited	National Trust Co.
Piercy House	19-21 Moorgate	21 King Street East
7 Copthall Avenue	London EC2R 6BX	Toronto
London EC2R 7BE		Ontario Canada

International Signal & Control Group plc

RESULTS FOR 1984/1985

Preliminary announcement of profits for the year ended 31st March, 1985

	1985 $000s	1984 $000s
Turnover	300,891	207,322
Operating profit	41,787	27,242
Profit before taxation	40,016	28,159
Taxation	(16,006)	(11,252)
Profit attributable to shareholders	24,010	16,907
Earnings per share	$0.176	$0.133
Sterling earnings per share (converted at current exchange rate of $1.2660)	13.9p	10.5p
Dividends		
Interim $0.010 per share (1984 $0.007) paid	1,364	955
Proposed final $0.015 per share (1984 $0.013 per share)	2,047	1,774
	3,411	2,729

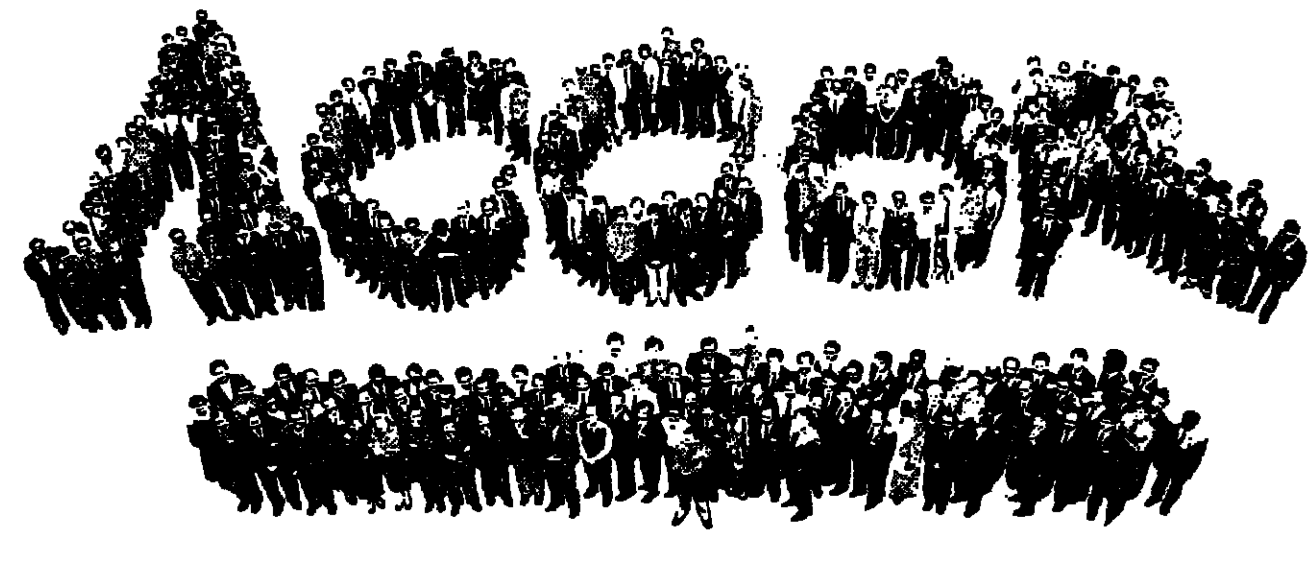
The above financial information is an abridged version of the Group's full accounts which will be filed with the Registrar of Companies and in respect of which the report of the auditors was unqualified.

The Chairman, Mr. James Guerin, comments:

* Earnings per share increased by 32%.
* Group order book totals $492 million.
* Co-operation between Si.El. and other divisions is developing and outlook for Si.El. is very good.

International Signal & Control Group PLC
England: 17a Curzon Street, London W1Y 7FE.
USA: 3700 Electronics Way, PO Box 3040, Lancaster, Pennsylvania 17604/3040

Accor
new profile for investment



Issue of debentures with subscription warrants for shares

Accor is a young and rapidly growing Group in the fields of hotels, restaurants and services, both in France and abroad.

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Accor is 448 hotels, 320 public restaurants, 1,300 in house restaurants, 207 million Tickets Restaurant, and the recent purchase of shares in the Gaston Lenôtre Group.

Significant growth is expected in 1985: Accor will open more than 3 hotels or restaurants each week.

1985 is also year one for the Accor Academy, a real university campus integrated in the Group, proof of a desire to develop the human capital of 44,000 already capable individuals.

Issue of 175,000 debentures of F 2,000 with 10 subscription warrants for Accor shares.
Issue price: 2,000 F
Effective date: 3rd July 1985
Rate of interest: 8,25%. Life: 10 years.
Each debenture gives right to 2 A warrants, 4 B warrants and 4 C warrants, each one conferring the right to subscribe for one ACCOR share.
Utilisation of warrants:

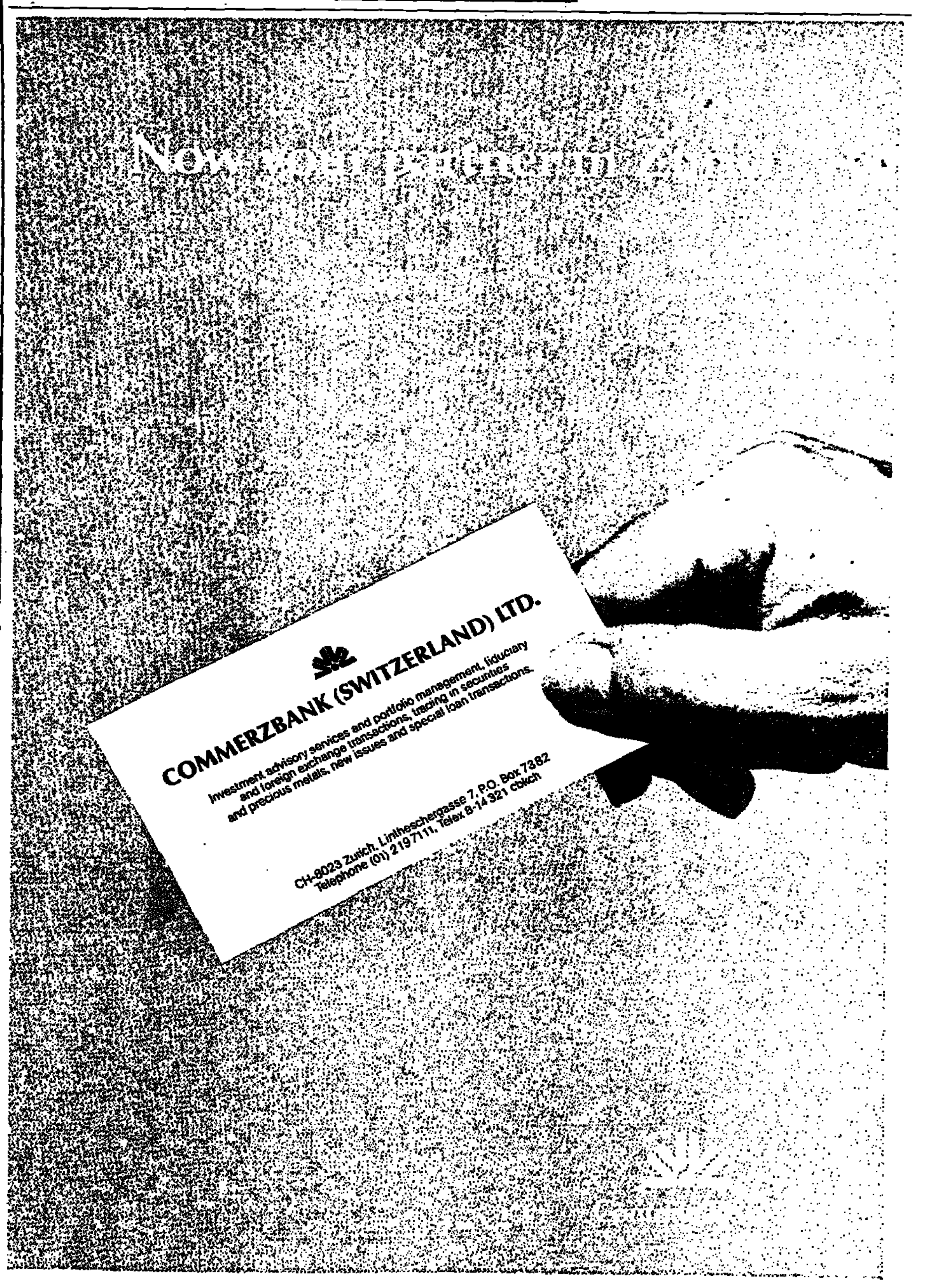
- A warrants from August 1st 1985 to December 31st 1985 at F 240 or from January 1st 1986 to December 31st 1986 at F 280.
- B warrants from August 1st 1985 to December 31st 1986 at F 280.
- C warrants from August 1st 1985 to December 31st 1987 at F 320.

Subscription will be opened to existing shareholders from June 4th to June 18th.
The public will be allowed to subscribe from June 19th.
Lists will be closed at any time without prior notice.

COB visa n° 85-151 - Balo: 3rd June 1985.

ACCOR

ENTREPRISE D'HÔTELLERIE, DE RESTAURATION, ET DE SERVICES



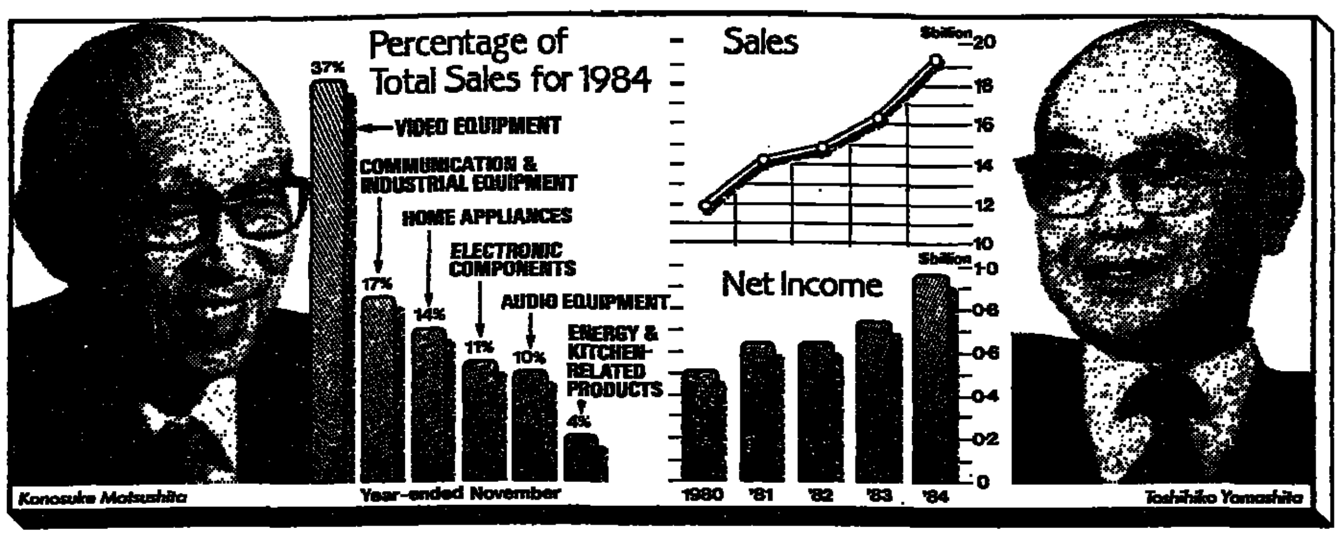
THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Consumer electronics

How Matsushita averted an impending crisis

Raymond Snoddy, recently in Osaka, explains the Japanese group's radical restructuring



Konosuke Matsushita — Toshihiko Yamashita

Chris Walker

THE CROWDS turn up in their thousands to look at the pictures of the future in Matsushita's pavilion at Expo 1985 now under way near Tokyo.

There are robots drawing portraits from a television image, a 3D television which can be viewed without special glasses and three 12 metre high liquid crystal screens to display a film on the origins of the Japanese people.

The exhibits, most of them specially designed for Expo 1985, have more to do with Walt Disney than immediate commercial reality.

But the commercial products which have turned Matsushita Electric Industrial Company—best known for brand names such as Panasonic and Technics—into the largest consumer electronics company in the world, are still emerging in a steady stream from company headquarters on the outskirts of Osaka.

On consecutive days last month the company launched what it claimed was the smallest cassette recorder and the smallest compact disc player in the world and a new office work station which brings together word processing, personal computer, facsimile and copying capabilities. Matsushita has combined such prolific technology with a financial record that most European consumer electronics companies would envy; profits for the first quarter of its current financial year at Y63.9bn ($255m) were up by 23 per cent.

Despite all this, Matsushita, founded in 1918 by Konosuke Matsushita to make an innovative electrical plug, is in the middle of the greatest structural upheaval in its history.

Under the campaign, called Action 86, the management is trying to change fundamentally the direction of a company employing more than 157,000.

By November 1986 the aim is to reduce substantially the company's present heavy dependence on consumer *electronics* and turn Matsushita into an integrated electronics company with a much stronger presence in industrial electronics and component manufacture.

Senior management sees it as an essential if risky strategy to break out of maturing television and video recorder markets where competition from Taiwan and Korea is intensifying all the time.

The areas the company is especially interested in include integrated circuits, factory and office automation and new media such as cable and satellite television.

By the end of Action 86 the aim is to make the proportion of industrial electronics and components account for 39 per cent of total output. It is now 31 per cent, up from only 25 per cent when the campaign began in 1983.

At the same time Matsushita, to try to diffuse the growing trade row over Japanese exports and head off possible protectionist measures has also set itself a target of 50 per cent domestic sales, 25 per cent exports and 25 per cent overseas production. At present exports account for 37 per cent of sales by value and overseas production only 13 per cent. Indications are that this target may be more difficult to meet than those of Action 86.

As part of the new business strategy four main changes are being implemented.

More powerful microchips

● Research and development is being increased and a high proportion of the increase is going on developing products such as more powerful micro-chips. Last year the company's total investment in research and development was Y200bn. This year the figure will be Y220bn ($902m).

● Costs on current products are to be reduced by 1 per cent a year to fund the increased R and D and the number of staff held constant despite the expansion.

● Each of the 34 manufacturing divisions in the company is required to come up with two new "hit products" every year to strengthen the product range.

● Reorganisation on a sector basis will be made in order to get a tighter grip on divisions previously organised along product lines. The "*sense of crisis*" at Matsushita emanated from the divisional managers. They recognised that the company was in mature markets and that there were no new products on the horizon of such universal appeal as the colour television and the VCR. "The divisional managers felt that if we continued as we had in the past we would be in a difficult position. Mr Yamashita (the company president) took up this problem as a company wide objective," a Matsushita executive explains.

Toshihiko Yamashita, president of Matsushita, explains why such a dramatic change of course was necessary. "Although our consumer electronics expertise is so strong, rather than relying entirely on this basic foundation, I thought it important to shift to new fields," he says.

One of the largest problems lay in persuading the workforce — who could see only growth, profit and success—that drastic change was necessary.

"It is very difficult for people to recognise they are in a crisis when they do not perceive it. It seems absurd," Yamashita adds.

The effect of Action 86 can already be seen. Stockbrokers Jardine Fleming in Tokyo emphasise that Matsushita's sales of semi conductors rose by 57 per cent and office automation equipment by 63 per cent in the last financial year.

Apart from producing the technology to develop three-dimensional microchips the extra research effect at Matsushita has led to products such as a domestic refrigerator with a unique heat insulation system which thereby increases internal space by 30 per cent, and a word processor that recognises hand written Japanese characters on a special pad.

In Britain a subsidiary, Panasonic Industrial UK, was set up in 1984; its turnover from selling office automation products such as facsimile and telephone answering machines in its first year was more than £35m.

Market research shows that from 1983-87 the growth rate for Japanese consumer electronics would average only 3.5 per cent a year compared with 14.1 per cent for industrial electronics and 15.2 per cent a year for components.

Purchasing patterns

Change in the nature of the high growth products has coincided with changes in Japanese society.

With the rise of Japanese per capita GNP above $10,000 a year, consumer purchasing patterns have been changing. The Japanese, Yuichiro Segawa, a Matsushita corporate planner, explains, are less interested in mass produced items, are shifting from hardware to software and services and personal extravagance.

Matsushita is having to produce many more models in smaller runs—for example the company now produces just over twice as many models of tape recorders as in 1975, but sales per model are only 40 per cent of what they were ten years ago.

"We are having to grasp the consumer not en masse but as a target group—even down to the individual," Segawa says.

One such target group is the growing number of single female office workers. Matsushita designed a whole series of products called Begin—tiny rice cookers and very small vacuum cleaners in bright colours to attract them. But despite such attempts to squeeze every last yen out of the market, Matshushita is facing a near saturated home market.

Jiro Aoki, a member of the corporate planning office, is one of the five or six people who planned the campaign and saw the message taken to every employee. The campaign was first announced to a morning assembly of all divisions in May 1983 and was followed up by visits by top executives to explain the details.

Retailers were at first alarmed that Matsushita might not be putting as much effort into consumer electronics in future and some middle managers still express reservations about the change. They wonder privately whether the new more centralised organisational structure might be more efficient for directing expensive research into semiconductors but whether it might also cost the company its sure feel for what the consumer wants.

The company says that the main thrust of Action 86 is on target so far but admits that it has found the 1 per cent reduction in costs each year difficult to meet. Staff numbers have also been rising. Ikuo Moritomo, an electronics analyst with stockbrokers Jardine Fleming in Tokyo, is convinced that the new Matsushita strategy was necessary although the company may face increased problems in the short term.

"If they had done nothing they would have faced tougher and tougher competition," Moritomo believes. "They are trying to turn themselves from just a single consumer electronics company into an integrated electronics group. I believe they can do it," he adds.

In 1932 Konosuke Matsushita, now retired but still executive advisor to the company, announced the start of a 250 year plan to "contribute to the well-being of mankind by providing reasonably priced products and services in sufficient quantities to achieve peace, happiness and prosperity for all."

Yamashita is notably more *cautious about what will happen* during the next 188 years of the plan. As a result of Action 86, he says, he is certain that Matsushita will be around in 10 years' time and probably in 30 years. Further into the future than that he will not speculate.

Business Travel

WARNING shots are being fired by the U.S. Department of Commerce across the bows of business travellers who carry personal computers around *with them. The U.S. is worried* about such equipment ending up in Eastern Europe controlling missiles and tank fleets. For many small computers you need a licence which lasts for a year and which names the countries you can take it to. No licence can mean a $10,000 fine.

The rules, I am assured by the U.S. Government, do not apply to foreign residents who purchased their computers in their home country. Such aliens must, however, carry proof of such purchase. The main current target is the IBM p.c. although others can be covered by the rules. The journalist's friends, the Tandy 100 and 200 range and the Epson lap-held p.c., do not need licences.

The UK Government does not require licences for personal computers that are part of your normal travel baggage, but for such an expensive item Britons are advised to get a "personal effects waiver" from Customs and Excise which would confirm it as part of your normal travel effects.

●

THE CAR rental war is heating up in Europe in the wake of much blood-letting in the U.S. Hertz has now moved some luxury cars into its British Group F category of big saloons much favoured by the business community. In putting the Mercedes 190 into this bracket along with the 2 litre Ford Sierra it comes into line with Budget which did just that as *its opening shot in the battle* for business at London's Heathrow airport.

●

THE Hong Kong-based Frequent Business Travellers Club has made a cottage industry out of co-ordinating the multitude of loyalty schemes that are being run around the globe by airlines, hotel groups and car rental companies. It has now compiled a booklet of the most popular programmes and their benefits. The object of the exercise is to encourage membership of the club, but even if you do not wish to enroll, the booklet is free from FBTC, 8-10, Duddell Street, PO Box 5814, Hong Kong. Most European tax authorities require you to report any frequent flyer prizes received as a result of business travel.

●

BRITISH AIRWAYS is to start direct flights from Manchester to Hong Kong in November. The flights, using Tri-Stars, will *make the journey* via Munich, Dubai and Bangkok twice a week. The airline will also offer a freight service on the route.

●

AT&T, the U.S. long-distance telephone giant, is introducing an international 800 service. The 800 system is a direct dial equivalent of UK freephone numbers. U.S. companies agreeing to pay for the calls will be allocated access codes which will differ from country to country (and never be 800). For some rural and provincial European *callers it may soon* be as simple, and certainly cheaper, to freephone the U.S. than to use a payphone to ring the same company's domestic representative. Other AT&T developments include the facility to use American Express cards to make international calls from its screen phones in major airports and plans to introduce phone cards like those so popular in the UK and Italy some time in the next year or so.

Arthur Sandles

Business courses

Oil industry developments, London. July 9-10. Fee: £440 plus VAT. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Marketing management course, Brussels. July 1-5. Fee: Non-members: BFr 68,000; Members (AMA/I) BFr 61,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/516.19.11. Telex: 21.917.

Advertising and marketing to women, London. July 3. Fee: £178.25. Details from Oyez International Business Communications Limited, 3rd Floor, Bath House, 56 Holborn Viaduct, London EC1A 2EX. Tel: 01-236 4080.

Manufacturing strategy, Bromley. July 14-19. Fee: £790 plus VAT. Details from client services, Sundridge Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-460 8585.

Finance in sales and marketing, Herts. July 29-August 1. Fee: £250 plus VAT. Details from InTech Training, PO Box No. 2, Welwyn Garden City, Herts AL8 7BX. Tel: 07073 20944.

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NOTICE TO HOLDERS OF

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(Fujitsu Kabushiki Kaisha)

U.S. $80,000,000 5¼ Per Cent. Convertible Bonds 1996 (the "1996 Bonds")

U.S. $180,000,000 3 Per Cent. Convertible Bonds 1999 (the "1999 Bonds")

Pursuant to Clause 7(B) and (C) of the Trust Deeds dated 28th May, 1981 and 22nd March, 1984, respectively, under which the above-mentioned Bonds were issued, notice is hereby given as follows:

1. On May 30, 1985 and June 7, 1985 the Board of Directors of the Company resolved to issue new Swiss Franc convertible bonds and notes through public offering and private placement, respectively, on overseas markets (excluding the United States of America) mainly in Switzerland on June 17, 1985 (Swiss time). In addition, the Company's Board of Directors resolved to issue new Deutsche Mark convertible bonds through public offering on overseas markets (excluding the United States of America) mainly in West Germany on June 18, 1985 (Frankfurt time).

2. Such issues of new convertible bonds and notes may, upon issue, result in respective adjustment of the conversion prices of the above-mentioned Bonds pursuant to Condition 5(C) (iv) of the Bonds. The conversion prices of the Bonds in effect on the date hereof is Yen 548.60 per share of Common Stock for the 1996 Bonds and Yen 1,200.80 per share of Common Stock for the 1999 Bonds.

FUJITSU LIMITED
By: The Bank of Tokyo Trust Company as Trustee

Dated: June 14, 1985

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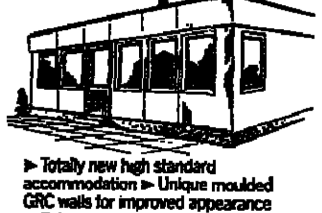

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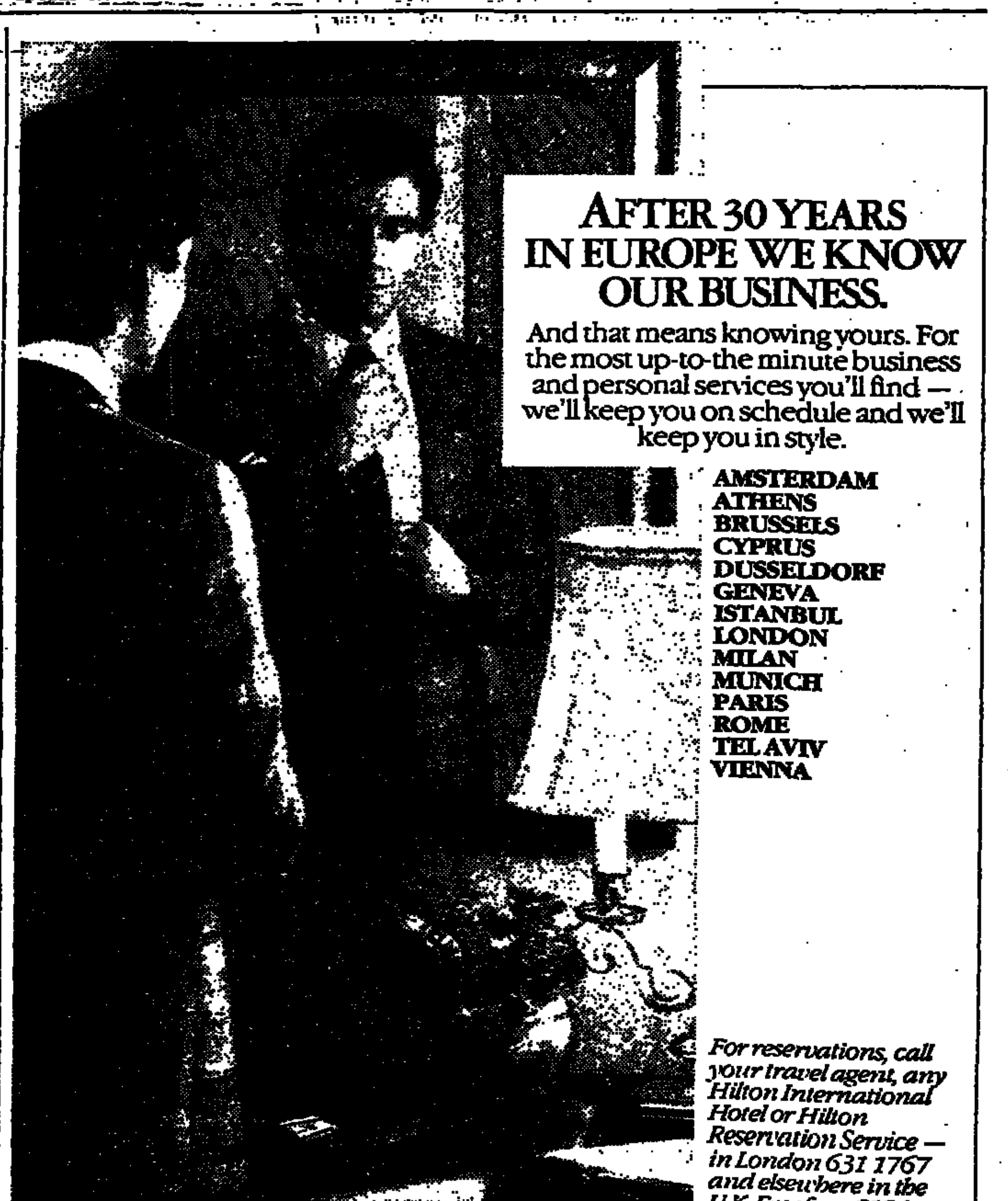

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JUST IN CASE!

FT COMMERCIAL LAW REPORTS

Court lifts Laker ban on suing in the U.S.

MIDLAND BANK PLC AND ANOTHER v LAKER AIRWAYS LTD AND OTHERS

Queen's Bench Division (Commercial Court): Mr Justice Leggatt: June 10 1985

A PERSON will not be restrained on the ground of unconscionability from proceeding against an English company in the U.S. under U.S. anti-trust laws in respect of alleged acts committed in the UK, if those acts were part of an alleged world-wide conspiracy, if the allegations if proved would disclose a good cause of action, and if the U.S. is the sole forum in which such cause of action is justiciable.

Mr Justice Leggatt so held when granting an application by Laker Airways Ltd and its liquidator for an order discharging an interlocutory injunction made by Mr Justice Mustill and continued by Mr Justice Parker (*FT, February 8 1983*) restraining them from suing Midland Bank Plc and others in the U.S. in respect of an alleged conspiracy in violation of U.S. anti-trust laws.

The injunction had been granted pending trial of a UK action by Midland and Clydesdale Bank claiming a declaration that they were not party to any conspiracy in violation of the anti-trust laws and seeking an injunction restraining Laker from proceeding against them in the U.S.

HIS LORDSHIP said that Laker operated transatlantic flights between the UK and the U.S.

On November 29 1982 Mr Justice Mustill made an injunction restraining Laker from instituting anti-trust proceedings against Midland in the U.S. The injunction was continued by Mr Justice Parker on February 4 1983. Laker now applied *inter alia* for an order discharging the injunction.

On February 4 1983 Mr Justice Parker said that Laker asserted without evidence that Midland, having up to January 25, been in the forefront of attempts to rescue Laker, suddenly turned round and, in concert with other defendants in the U.S. action, set about destroying Laker.

As against those virtually unsubstantiated assertions, he said, Midland had filed cogent direct evidence that it had continued its support until it became clearly impossible to save Laker, and that when support was withdrawn it was solely for prudent banking reasons, any other course having become untenable.

On May 20 1984 Mr Justice Parker ordered a stay of actions brought by British Airways Board and British Caledonian Airways seeking injunctions to restrain the further prosecution of the U.S. action against them. That decision was reversed by the Court of Appeal, but restored by the House of Lords (*British Airways v Laker 1985 1 AC 58*).

Laker's U.S. attorney had lately sworn an affidavit to which was exhibited a draft complaint by which the proposed U.S. action would be prosecuted against Midland.

The pith of the case against Midland was contained in that draft complaint. It alleged that on February 4 1982 Sir Freddie Laker was summoned to what he thought was a meeting at Midland's London offices to consummate the financial reconstruction of the airline.

At that meeting and without warning Laker's lenders demanded that it call in receivers. The receivers, it was alleged, improperly and without authority, called home all Laker aircraft and shut down the airline, and sold off critical assets at below market prices to assure Laker would not resume operations.

Those actions were alleged to have been taken in furtherance of a conspiracy to destroy Laker as a competitor in trade, contrary to the U.S. Sherman Act. It was said that Laker had suffered injury entitling it to treble damages and attorney fees.

The main argument in the present case turned on Midland's right to continue the injunction. To establish an equitable right not to be sued, it had to show that for the case to proceed against it in the U.S. would in the circumstances be unconscionable and unjust.

Laker said that no claim had been made against Midland in the U.S. which was justiciable in an English court; that it was a single forum case; and that since there was no basis for a perpetual injunction in relation to U.S. anti-trust proceedings, no interlocutory injunction should issue.

Mr Alexander for Midland argued that it had reasonable prospect of establishing at trial that the proposed U.S. action against it was unconscionable because the centre of gravity of the contractual relationship, of the parties and of acts done, was England; and because Midland did not even reside in New York by having an office there at the time of the acts complained of.

Midland's case echoed the argument of British Caledonian in the House of Lords, that there was no factual basis to support the allegations; that Laker's case was so weak as to suggest that the real reason for joining British Caledonian was to try to force a settlement; and that the gravamen of Laker's cause of action was located in England.

British Caledonian had directly compared its predicament with that of Midland in the present action, but it did not avail it.

If the allegations outlined in the draft complaint were proved they disclosed a good cause of action against Midland. A single forum only of competent jurisdiction for trial of the dispute had so far evolved, and that was New York. An injunction would prevent the merits from being decided in Laker's favour.

It was said that it would be unconscionable to sue in New York because the alleged tort was committed in the UK.

That consideration ought not to prevail. Although the acts were committed wholly or mainly within the UK, they were alleged to have been part of a larger conspiracy which was in effect world wide.

As in *British Airways* the court would be very ready to grant an injunction to save Midland from the burden of proceedings in the U.S. if it could be shown that they were bound to fail.

But it could not be determined whether the U.S. action was bound to fail until the outcome of pre-trial discovery was known. Not until then, according to the U.S. approach, would the issues have been delimited.

Since that course was permitted under U.S. procedure it was immaterial that under English procedure the court would not allow a party to await discovery for the purpose of making good a complaint.

As Lord Diplock said in *British Airways* until pre-trial discovery was completed, one could not tell what evidence would be available to put before a jury.

It followed that it was premature for Midland to contend that there was a serious issue to be tried whether the U.S. proceedings against it were frivolous or vexatious. Laker was not to be criticised for the fact that unlike British Caledonian it had not "succumbed to the temptation to answer some of the evidence filed" (*British Airways, page 87*).

To deny Laker the right to proceed against Midland in a foreign court merely because the type of action to be brought there did not especially commend itself to the policy of UK law accord to UK nationals a means of protection which would put a strain on comity even with well informed foreign courts.

It was better to leave such litigants to the consequences in terms of litigation to which the international character of their trade had rendered them vulnerable.

For Midland: Robert Alexander QC, Howard Page and Andrew Popplewell (Coward Chance).

For Laker: David Johnson QC, Michael Crystal and Richard Hacker (Durrant Piesse).

By Rachel Davies
Barrister

Iran Survey

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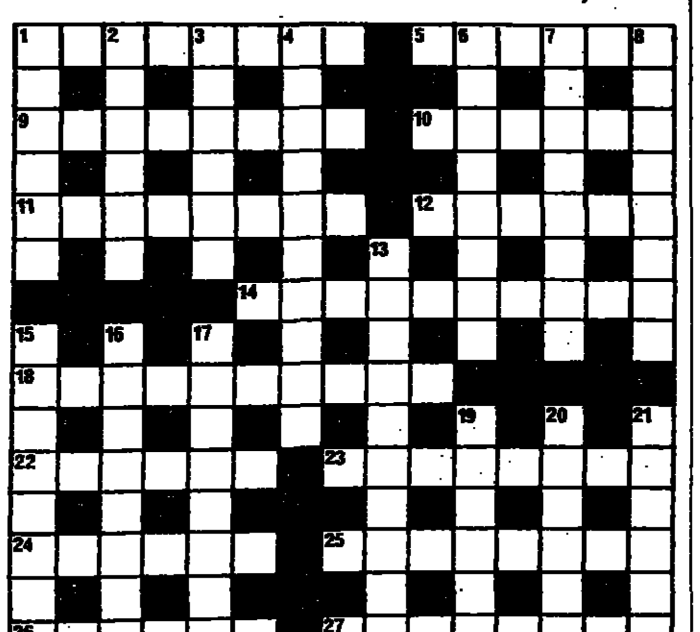


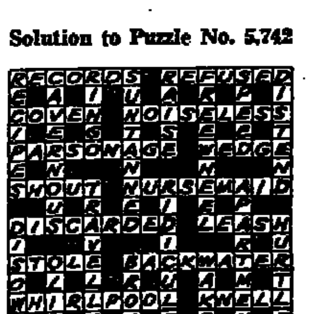
ACROSS

1 Sacked a representative for being explosive (8)
5 Sacred symbol in holy man's car — a badge of some kind (6)
9 Lagging adroitly managed (8)
10 Attack a beast and suffer (6)
11 Control shown as others fall (8)
12 A survey undertaken by people who count (6)
14 Run away with pins and needles, but not for long (10)
18 Given aid, created trouble and got out (10)
22 Meriting severe criticism (6)
23 An end to double parking the wise person accepts (8)
24 Destiny is settled by the week-end (6)
25 To charm one's way in (8)
26 The French place sent an assortment (6)
27 Prepare to play? (8)

DOWN

1 Read of new capital investment (6)
2 Much like an appetiser (6)
3 Some people made terse remarks—this is discouraging (6)
4 University man at war, ill fitted for army command (7, 3)
6 Superficial means of improving the image (8)
7 Refer again to rule about dope (8)
8 Sweet for the highest scorer? (5, 3)
13 ". . . is but want of power to sin." Dryden (Palamon and Arcite) (10)
15 One's on guard, so upholds the family (8)
16 With little money, the working man is prejudiced (8)
17 Operating even in the South-east, capital fellow! (8)
19 Boxes, note, are in short supply (6)
20 It's standard for a woman in public transport (6)
21 Withdraw notice about last month's return (6)

Solution to Puzzle No. 5,742



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APPOINTMENTS

Bain Dawes senior posts

Having formed a London market excess for loss reinsurance division under the joint managing directorship of **Mr John McNamara** and **Mr Nigel Fenner-Fownes**, BAIN DAWES has appointed **Mr Terry Brown**, **Mr John Chapman**, **Mr Peter Talty** and **Mr Ian Wilson** as directors, and **Mr Nick Brown** and **Mr John Lambert** as associate directors of the new division. All were previously with Jardine Thompson Graham. Following the appointment of **Mr John Sawkins** from Minet, following additional appointments have been made in the North American division of Bain Dawes+ **Mr Alan Bennett**, previously with Minet, **Mr Graham Marshall**, previously with Alexander Howden, have been appointed directors, and **Mr Gary Gray**, previously with Minet, and **Mr Tim Dieu de Bellefontaine**, previously with Alexander Howden, have also joined the division.

★

Mr J. Norman H. Hay has been appointed a deputy chairman of TSB TRUST COMPANY. He joined the board in June 1984. TSB Trust Company is the insurance and unit trust arm of the TSB Group.

★

Mr Alastair Stirling has been appointed senior partner of POSFORD PAVRY AND PARTNERS, Peterborough, consulting engineers. He succeeds **Mr John Posford**, founder of the practice, who has retired.

★

SAXON OIL has appointed **Mr Brian A. F. McLellan** to the board as director of gas, trading and planning.

★

Three years after he joined as national contracts manager, **Mr Angus Watt** has been appointed to the board of TUNSTALL TELECOM, as contracts director.

★

The SENTRY GROUP has appointed **Mr Craig Sprott** as general manager and director of Sentry (UK) Insurance Company and **Mr Ian Reed** becomes general manager and director of City of Westminster Assurance Company. Mr Sprott now heads the general insurance company having moved to the Sentry Group two years ago from AIU. Mr Reed heads the life assurance company having returned to the UK from Sentry's international operation.

★

FRIENDS' PROVIDENT LIFE OFFICE has elected **Sir Arthur Bryan** a director and member of the board. Sir Arthur is chairman of Wedgwood, which has a long association with Friends' Provident.

★

Mr Chris Turner, chief executive of Habitat Design, has been appointed HABITAT GROUP chief executive with overall responsibility for Habitat operations in the UK, Belgium, France, Holland, America, and Habitat international franchises and partnerships. **Mr John Beer** will succeed him as chief executive of Habitat Design on July 1. Mr Beer has been financial director since 1977.

★

Mr Daniel Meinertzhagen has retired from the board of BRIXTON ESTATE. He was, until recently, chairman of Royal Insurance. **Sir John Cuckney**, the new chairman of Royal Insurance, and **Sir Richard Baker Wilbraham**, a director of J. Henry Schroder Wagg & Co., have accepted invitations to join the Brixton board.

★

CLARK WHITEHILL CONSULTANTS has appointed **Mr Cyril Williams**, formerly of Price Waterhouse, as a director. He has also been appointed chief executive of Clark Whitehill Richter, a joint venture between Clark Whitehill Consultants and Richter & Associates, Montreal.

★

Mr Tony Gibson and **Mr Michael Jameson-Till**, both directors of Clive Discount Company, have been appointed executive directors of the parent company CLIVE DISCOUNT HOLDINGS. **Mr James T. Barton**, a director of Prudential-Bache Securities Inc., and **Mr Ashley G. Down**, chairman of P-B Securities, Down, De Boer & Duckett have joined the board of Clive Discount Holdings as non-executive directors.

★

Mr Peter G. E. Fitch has been appointed managing director of COMPAIR HOLMAN. He was chief executive of Quinton Hazell.

★

HERON INTERNATIONAL and **Mr Stephen Padmore** have formed a new company, Heron Hi-Tech, which will concentrate on high tech and industrial projects in south east England. Mr Padmore, formerly managing director of Higgs and Hill Developments, is managing director of the joint venture.

★

Mr David Unwin has been appointed managing director of GRANDMET INTERNATIONAL SERVICES. He takes the place of **Mr Gerry Robinson**, who has been appointed managing director of Grand Metropolitan's contract services division. Mr Unwin was operations director.

★

MICRO FOCUS GROUP has appointed **Mr Colin West** as a director. He is one of the longest serving members of the company and is now responsible for the group's product development activity worldwide.

★

Mr Ken McIver has been appointed managing director of LUCAS WORLD SERVICE. He also joins the Lucas executive, the management board of the group. He was managing director of Leyland Bus. The previous managing director of Lucas World Service was **Mr R. A. Dale** who was appointed managing director of Lucas Electrical last January.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth BH8 8AL. 0345 717373 (Linkline)

High Income				
Gilts & Fixed Int.	109 6	116.0	-0.3	10.34
High Inc Equity	72 4	77.1	-0.5	6.42
Worldwide Bond	145 4	154 7	-0.4	6.27
Capital Growth				
American Growth	134 6	143 2	-1.2	1.52
Asian Pacific	46 2	49.2	-0.7	—
Assets & Engs. Tt.	75 7	81 0	-0 4	2.69
Capital Reserve	57 1	57 8		—
Commodity & Engy	68 2	73 4	-0.6	3.53
General	105.0	112 3	-1.0	2.89
Japan	156.7	168 5	-0.7	—
UK Growth Acc Unit	104 9	112 8	-0.8	—
UK Growth Dist	73.8	79 4	-0.5	1 94
U.S. Emerging Co's	56.1	60 0	-0.2	0 43
Equitas Prog.	157 8	168 8	-1 4	3 06

Alliance Home
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd	100 0	107 0	-1 4	0 10
Pacific Fd.	120.0	128 4	-1 1	0 20
Secured Income Fd	141 9	151 8	-2 1	5.50
Special Sits	163 1	174 5	-2 5	1.56
Energy Fd	35.5	37 9	-0.2	0 60
American Majors	58 4	62.5	-0.3	1.56
Small Co's Fd (10for1)	30 0	32.1	-0 3	1.97
Jap. Technology	57.2	61.2	-0 2	0 10
International Income	50 1	53 6	-0 1	7.00
Exempt	471.7	504 7		—

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex

[illegible]

Brown Shipley & Co. Ltd. (a)(g)
9 17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	46 2	49 7	-0 6	4 39
B.S. Accum	74 1	80 0	-1 0	4 39
Financial	94 2	100 8	-0 9	3 05
Growth Accum	156 2	108 4	-1 5	
Growth Income	101 2	108 9	-1 0	1 80
High Income	49 4	53.2	-0 6	6 75
Income	56 1	60 3	-0 4	5 60
North American	53 2	57 2	-0 1	1 21
Orient	47 6	51.2		0.21
Recovery	26 7	28 9	-0 4	3 04
Technology	125 4	134 9	-2 1	0 62
Exempt	159 7	171 7	-3 1	2 92

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

General Inc June 13	163 8	172 2	-1 1	3 89
Accum Units June 13	254 7	267 6	-4 9	3 89
Income June 12	74 6	78.6		5 66
Accum Units June 12	125 2	131 9		5 66
Intl June 4	105 8	110.2		3 63
(Accum Units) June 11	137 5	143 2		3 63
Smaller Co's June 7	900 9	960 8		1 16
(Accum Units) June 7	941 9	1004 7		1 16

CS Fund Managers Limited
125 High Holborn, London WC1V 6PY. 01 242 1148

CS Japan Fund	44 4	47 2	-0 2	0 45
CS Portfolio Inc Fd.	47 0	50 0		4 00

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts. P Bar 51122

Can. Gen. Dist.	89 7	94 5	-0 7	3 38
Do Gen Accum	136 9	144 1	-1 1	3 38
Do Income Dist	62 3	65 6	-0 7	6 03
Do Inc. Accum.	121 9	128 3	-0 6	6 03
Gilt & Fxd Int Trust	34 8	36 7	-0 1	

Cannon Fund Managers Ltd. (z)
1, Olympic Way, Wembley, HA9 0NB 01 902 8876

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd	63 7	67 2	-0 6	3 33
Accum Units	93 5	99 4	-0 8	3 38
Pearl Inc.	87 7	93 3	-0 6	4 95
Pearl Unit Tst	91 6	97 4	-0 9	4 11
Accum Units	154 8	164 7	-1 5	4.11

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	180.9	194 2	-1 8	1 49
Income	136 3	146 0	-0 6	5 45
Worldwide Recovery	103 7	111 3	-0 8	2 10
American Growth	57 6	61 8	-0 9	0 65
Intl Emerging Cos.	59.0	63 3	-0 5	0 77
Far East Growth Fd	47 3	50 8		1 00

Prolific Unit Trusts
222, Bishopsgate, EC2 01 247 7544/7

Prolific Far East	103 7	111.1	-0 6	0.37
Prolific Extra Inc	62 1	66 1	-0.5	5 82
Prolific Gilt Cap	79 1	82 3	-0 3	3 34
Prolific High Inc	128 5	136 7	-1 3	5.27
Prolific Intl	84 7	90 7	-0 7	1 59
Prolific N Amer	119 0	127 5	-0 4	1 47
Prolific Spec. Sits	144 1	153 3	-1 6	1 95
Prolific Technology	108.1	115 8	-1 4	0.82

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49 5	52 4	+0.2	0 19
Worldwide	48.1	51 0	-0 2	1 60
European Trust	47.8	50 7	-0 3	0 92
North American	53.2	56.4	-0 2	1 08
UK Equity	48.5	51.4	-0 2	3 10

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	318 0	338 2	-3 0	3 69
Holborn Gilt Tst	148 0	154 8	-0 5	9 18
Holborn High Inc	52 9	56 2	-0 2	7 64
Holborn Intl	56 4	60 0	-0 4	0.60
Holborn UK Growth	62 8	66 8	-0 3	3 10

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2 01-600 4177

Quadrant Gen Fd	323 8	344 5		3 43
Quadrant Income	182 4	192 1		6.22
Quadrant Intl. Fund	306 4	[illegible]		1 51

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	99 1	105 5	-0 3	1 17
Do Accum	102 0	106.6	-0 3	1 17
TSB Extra Income	86 1	91 6	-0 4	6 25
Do Accum	96 7	101 4	-0 5	6 25
TSB General	117 8	125 3	-1 2	3 36
Do Accum	182 4	194 8	-2 1	3 36
TSB Gilt & Fxd Int	46 5	48 5	-0 1	9 52
Do Accum	56 2	58 6	-0 1	9 52
TSB Income	154 0	164 2	-1 0	5 00
Do Accum	239 7	255 0	-1 6	5 00
TSB Pacific	105 3	112 1	-0 4	1 05
Do Accum	108 8	115 8	-0 3	1 05
TSB International	230.3	245 0	-1 3	1 88
Do Accum	280 3	298.2	-1 6	1 88
Natural Resources	45 9	48 9	-0 3	2 63
Do Accum	46 4	49 4	-0 4	2 63
TSB Sield Opp.	47 0	50 1	-0 5	2 46
Do. Accum	50 6	53 9	-0 5	2 46

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	69 0	73 8	-0 6	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse Gatehse Rd, Aylesbury Bks (0296) 5941

American Eagle	68.6	73 4	-0 7	0 26
Australia	27.2	29 0	-0 8	0 10
Commodity	94 9	101 0	-1 0	1 69
Energy	41 7	46 7	-0 1	0 75
Equity	98 0	104 5	-1 2	3 79
European Spec. Sits	50 5	54 0		0 93
Extra Income	92 7	99 1	-0 2	7 32
Financial	196 0	209 1	+0 2	2 95
Gilt Capital	212 1	222 1	-0 5	2 25
Gilt Income	100 8	105 5	-0 2	9 18
Gold Income	61 6	65 4	-0 6	2 32
Gold Acc	111 7	119 5	-1 1	2 32
Income	56 3	60 5	-0 6	6 19
Japan	45 0	48 0	-0 4	0 10
Malaysia & Singapore	26.4	28 2	-0 2	1 05
Pacific Income	67 1	71 8	-1 0	0 87
Pacific Re Inv	81 4	87 1	-1 2	0 87
Preference Share	15 8	17 0		10 19
Professional	482 3	514 5	-5 0	1 69
Special Sits	84 2	90 1	-1 0	2 49
Technology	40 5	43 3	-0.8	0 10
U S Special Bond	50 1	53 6	+0 1	6.33
Worldwide Capital	111 8	119 2	-1 0	1 74

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Arbuthnot Securities (C.I.) Ltd. (a)(c)(b)
P.O Box 428, St. Helier, Jersey. 0534 76077

Dollar Income Tst (z)	$1.0460	1.116	-0.003	10.75
Gov't Secs. Tst	72.7	76.2	-0.1	13.32
Yen Bond*	Y199	209		5.74
Sterling Fxd	180.1	180.2	...	—
Japan Growth*	219.1	235.5	...	0.43

Next dealing *June 20.†June 19.

Aries Fund Managers Ltd.
PO Box 443, St Helier, Jersey. 0534 75741

Dollar Fund	$10.45	10.53	-0.06	—
Sterling Fxd Interest	£9.85	9.89	-0.02	9.53

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Barer Std May 20	SF10,925	11,500	...	—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer $Fd.	$1,318	1,319	+1	—

Bamford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	£7.69	8.16	.....	—
Int. Growth	$15.01	15.86	..	—
Pac. Basin Fund	$26.29	27.91	..	—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

Worldinvest Inc	$124.59	125.23	..	8.81

Valued weekly on Wednesdays.

Bank of Scotland
4 Don Rd, St. Helier, Jersey. 0534 38855

Mon Mkt Chq Acc Jersey		12.00	—	—

Barclays Isle of Man Prime Account
PO Box 9, Douglas, IoM 0624 29331

High Int. Chq		12.25	—	—

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unagulf Trust	44.1	46.0		11.20
Unidollar Trust	$16.11	17.08	+0.02	1.20
Unibond Trust	$93.58	84.28		10.50
£Stg Multicrncy. Fd.	£10.75	—	+0.02	12.5
US$ Multicrncy. Fd.	$21.07	—	+0.02	7.00
DM Multicrncy. Fd.	DM41.18	—	+0.05	4.60

EBC Trust Company (Jersey) Ltd.
1-3 Seale St, St Helier, Jersey. 0534-36331.

International Income Fund

US$ Dep Short A	$1.8788	—	+0.0003	9.66
Do. Dist	$1.0232	—	+0.0002	9.66
Med Cur Stl'l term B	$1.1379	—	-0.0026	8.00
Do. Dist	0.8679	—	-0.0020	8.00
Eurobd.Long Term		$22.41	—	10.80

European Banking Traded Currency Fund*

Income	$9.52	9.815	-0.021	8.26
Capital	$10.50	10.835	-0.021	8.26

*Offer price includes 3% prelim. charge

European Banking Currencyincome Fund*

Income	£10.00	10.305	-1.4895	—

*Offer price includes 5% prelim. charge.

The English Association
16 Athol St, Douglas, Isle of Man 0624 20738

E.A. Far East	$10.01	10.63	-0.16	—

Next dealing June 21

Ermitage Management Ltd.
19 Royal Square, St Helier, Jersey, CI. 0534 76007

External Fund	$18.81	19.00	+0.04	—
Bond & Cash Fd	$10.03	10.08	+0.01	6.12
Cash Fund	£20.29	—	.....	—

Ermitage Management Cayman Ltd.
PO Box 2192, Grand Cayman, B.W.I.

Gam Ermitage	$14.69	—	+0.15	—
Cayman Cash Fd	$10.31	—	+0.02	—

Eurolife Assurance Group
5-11 Mortimer St., London W1N 7RH. 01-631 0778

Sterling Eurobond Fd	104.9	—	...	—
Intnl Eurobond Fd	104.9	—	...	—

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281

Europe-Obligations		$44.40	..	1.22

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.55	—	+0.01	—

Inv. Adv. M & G Inv. Mngt. Ltd. London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.11	—	+0.06	—
Dynamic Gwth Fd	$8.25	—	+0.03	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr

The Charities Deposit Fund
77 London Wall, London EC2N 1DB 01-588 1815

Deposit	12.3	—	—	3-Mth

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952

Call Fnd	12.52	9.38	13.86	6mth
7-day Fnd	12.82	9.58	14.20	6mth

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE. 01-236 1425

Call Fnd	12.18	9.10	13.42	6-Mth
7-day Fund	12.36	9.23	13.63	6-Mth
Dollar	6.37	—	—	6-Mth
Money Mngt. Acct.	12.00	8.97	13.43	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr

Adam & Co. plc
22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484

Full Service Cur Acc	12.25	8.75	13.09	Qtr

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Treasury Acc	12.375	9.25	13.07	Qtr
Mth. Int. Chq.	12.25	9.16	13.90	Mth

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-628 8060

... compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ⊕ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Brazil looks forward to record harvests

By Andrew Whitley in Brasilia

BRAZIL'S OUTPUT of cereals and edible oils in the 1984-85 crop year is expected to reach a record 55.7m tonnes, 6 per cent up on the previous year, according to figures released by the Government's production financing company, the CFP, this week.

Increases recorded in soya and wheat production in particular, are responsible for these bumper harvest figures.

Spurred by the rise in international market prices recorded up to 1984 soya output has risen substantially: from 14.5m tonnes in 1982-83 to this crop year's forecast of 17.1m tonnes.

Over the past 12 months alone, output has jumped by 11 per cent.

However, the more recent price declines for soya products apear to have already affected Brazilian producers intentions for the coming year. Winter wheat plantings this year, are said by the CFP to be up by between 14 and 19 per cent, indicating a switch away from soya by some farmers.

Wheat output in 1984-85 meanwhile, is estimated by the Government at a healthy 2.5m tonnes, 25 per cent up on the previous year's poor harvest.

Despite a planned considerable expansion of wheat in new farming regions in the centre-west of the country, Brazil remains a net importer of this grain—a basic staple for the heavy populated south and south east with most imports coming from the U.S., Canada and Argentina.

The U.S. decided this week, to extend the period of utilisation of its $245m line of credit provided to Brazil for wheat purchases by the Commodity Credit Corporation, to the end of this year.

According to the official crop figures, rice production has remained stable over the past two years at 9m tonnes. The excellent weather conditions in the centre and south of the country were counter-balanced in the latest crop by losses from flooding in the north and north east.

Among the significant crop gains noted by the CFP for the edible oils were a 45 per cent leap in peanut output to 320,000 tonnes, a 72 per cent jump in castor oil to 386,000 tonnes, double the figure of two years earlier, and a 35 per cent gain for cotton seed production to 1.8m tonnes.

EEC seeks way out of grain crisis

Ivo Dawnay on the problems caused by West Germany's rejection of price cuts

THE VETO by West Germany this week of even a miniscule 1.8 per cent cut in Community grains prices has now provoked even the most sober of Brussels bureaucrats to talk in terms of a cereals crisis.

While everyone knows that such a tiny reduction would do nothing to achieve the long-desired alignment of Community prices with the world market, agreement would at least have had a symbolic significance as pointing the way ahead.

To fail even to make the right signals when the U.S. has begun a new $2bn exports subsidies programme aimed specifically at Community markets is, as Mr Michael Jopling, the UK minister, put it, "a blow against realism and commonsense."

Mr Frans Andriessen, the EEC's farm commissioners, was even more uncompromising. "We are seeing now that the Community is unable to make sensible decisions in a very important sector. We are jeopardising the Community's credibility," he said.

The impasse, however, now puts Mr Andriessen's credibility firmly on the line. As no more talks are scheduled before July 1—when the new rapeseed regime is scheduled to begin—it is up to him to take the management decisions to control costs. If the blockage continues until August, he will have to do the same for all other grains including wheat.

That short-term problem has to be seen against the background of disquieting long-term trends. According to a delegate at a grains trade conference in Brussels yesterday, on present performance the prospects for Community producers on world markets in 1990 are "disastrous."

Mr Fritz Mudde, of Continental Grain, told the conference that EEC domestic production could rise to anything up to 170m tonnes a year of which not more than 20m could be disposed of on world markets. His figures, at no stage contested by representatives from the Commission, estimated that in as little as five years carry-over stocks of grain could rise from about 20m tonnes this year to 130m tonnes.

Such a development is rendered virtually impossible by the budgetary strains it would place on the Community, not to mention the trade war it would unleash in world markets. Nevertheless, to date, nothing significant has been done to halt the trend and the politicians continue to be paralysed by domestic constraints.

"The CAP is on a collision course, not just for itself, but with the world," Mr Mudde said.

In an effort to tackle the issue, the Commission has launched a review of the cereals question for public debate next month. But the options are limited. Few believe that substantial alternative markets can be found, that internal demand can be stimulated or that alternative uses such as the use of grains for ethanol production are solutions.

Quantitative restraints, such as some form of quota on farmers' output, are judged politically impractical, though increasingly (especially in the light of the imposition of the super-levy on milk output) this "unthinkable" option is being increasingly thought about.

But for the immediate future, the Commission is faced with the alarming prospect of a fresh mountain of rape and grain pouring into already packed stores this summer as farmers seek to evade any future price cut that might be imposed.

A crisis meeting between Mr Andriessen and his farm and legal experts was held early yesterday to ascertain their freedom of action in the face of a political vacuum. Some argue that the absence of a decision means the Commission is free to take any measures it deems necessary — including price cuts. Others, still more radically, claim that the 5 per cent price reduction required under the Guarantee Thresholds or ceilings imposed last year must now be enforced.

The outcome is likely to be less obviously confrontational with member states, but certainly no more comfortable for the farmers.

Rather than run the legal guantlet of imposing price reductions, and thereby risking legal action, Mr Andriessen is much more likely to use tried and tested management techniques to bring about covert price cuts.

He may, for example, extend the delay in payments to farmers selling into intervention—a reversal of the final proposal offered this week which reduced the payment gap from 120 to 90 days. He will almost certainly push ahead with abolishing intervention for 3m tonnes of minimum quality broad-making wheat, specifically opposed by Bonn.

But he will also need to create disincentives for those seeking to rush into intervention when stores open for the new crop. Undoubtedly such means will be found.

As the Commissioner warned ominously after Wednesday's debate: "The measures we are going to envisage will invariably be taken with the approprite management of the CAP in mind aimed at countering speculation.

Extensive criticism of the Commission's negotiating strategy during the 1985 price fixing has been noted. And M Jacques Delors, the President, is now certain to want to make his wrath felt in every capital in Europe through stern counter-measures.

Ironically, therefore, Germany's stand of principle over cereals looks certain not only to provoke the fury of the world trade but also the very penalisation of its farmers that it sought to avoid.

Renewed frost fears boost coffee values

By Our Commodities Editor

FEARS OF renewed frosts in Brazil over the weekend pushed coffee prices up again on the London futures market yesterday. The September position closed £24.5 higher at £2,164 a tonne.

So far scattered light frosts in some of Brazil's coffee producing states are not believed to have caused much damage, if any, to the 1986-87 crop. However, there is considerable nervousness that there could be more severe frosts bearing in mind the main danger period is July. This season's (1985-86) crop, just being harvested, is not affected.

Cocoa futures

While coffee was gaining ground, cocoa futures in London suffered another sharp price setback. The September position dropped by £50.5 to £1,734 a tonne. Traders said there was no fundamental supply-demand change to account for the decline, which was attributed mainly to technical weakness in New York on Wednesday night that spilled over to the London market yesterday.

● UK Government expenditure on buying up surplus farm products dropped last year in spite of record quantities of grain and beef being taken off the market, according to the 1984 report from the Intervention Board for Agricultural Produce released yesterday.

Economy measure

However the reduction in spending from nearly £488m in 1983 to £237m last year was due to the fact that the 120 days delay in payment to farmers introduced last year as an economy measure by the Community meant that a large proportion of the expenditure for purchases between September and December were not included in the 1984 accounts.

Nevertheless spending by the EEC Common Farm Fund to help support UK agriculture did increase in 1984 to £1.28bn, compared with just over £1bn in 1983.

Total expenditure increased to £1.84bn (from £1.78bn in 1983) while receipts also rose to £385.8m (£358m).

Further reduction in European zinc price

BY JOHN EDWARDS, COMMODITIES EDITOR

ANOTHER CUT in the European zinc producer price, from $930 to $880 a tonne, was announced yesterday by Metellgesellschaft, the West German smelter.

Only three weeks ago the price was cut from $960 to $930, but at the time it was widely felt that a bigger reduction was needed to reflect the depressed state of the market. Since then one of the leading U.S. producers, Amax, has cut its domestic selling price by 2 cents and London Metal Exchange values have continued to lose ground.

Yesterday the three months quotation closed £4.25 down at £580.25 a tonne, the lowest level since October 1983, and eased to a low of £574 in after-hours dealings.

Lead values also ended the day lower. In early trading, however, the continued scarcity of supplies immediately available to the market drove the cash price to a premium of some £30 over the three months quotation. There was reported to be sustained "borrowing" (buying cash and selling forward delivery simultaneously) by trader seeking to cover sales made some weeks ago. Once this ended the market settled down and the gap between the cash and three months quotation fell back again.

The London Metal Exchange announced yesterday that a joint meeting of the Board and Committee had been unable to resolve the problems over introducing a new copper contract. The joint working party has been asked to reconsider the proposals and report back. It has been agreed, however, that no changes will be made to the existing contract effective prior to December 1, 1986.

The working party's compromise proposal was that the higher-grade contract should be revised to include only high grade cathodes and top quality wirebars, with a discount of up to £30 a tonne on lower quality wirebars. However the potential losses involved for some traders, especially with long-term contracts, made the compromise unacceptable and thet Exchange is now resigned to the fact that it will have to provide long notice of any contract changes to be made.

Rubber stock manager to stay on until November

BY WONG SULONG IN KUALA LUMPUR

MR HARVEY ADAMS has agreed to stay on a rubber buffer stock manager for another four months to the end of November following the deadlock in efforts to find a successor.

A statement issued by the International Natural Rubber Organisation (Inro) at the end of its regular session in Kuala Lumpur yesterday said fresh nominations for the job will have to be made within 60 days for consideration at the next council meeting on October 29.

Despite intense discussions aimed at a compromise Inro members once again rejected the two candidates submitted by the U.S. This is the third rebuff for Mr Robert Sanders, the Inro buffer stock representative in New York, and the second for Mr John Stenger, a New York rubber dealer, in their bid to succeed Mr Adams.

Rubber industry observers say the failure to accept one of the two U.S. nominees represents a big setback for the five-year-old organisation, and reflects the increasing politicisation of Inro.

members agree to extend the rubber agreement, which expires in October, by another two years to allow for further renegotiations for a new agreement.

It said the Council had completed the mandatory 18 month review of the buffer stock reference price and decided it should remain unchanged. The reference price of 207.9 Malaysian/Singapore cents a kilo is the basis for calculating trigger prices for the BSM's buying and selling of rubber.

The meeting also notified members of a fifth call for 100m ringgit (£32m) in financial contributions for buying operations. It also agreed to establish new warehouse facilities—three in Malaysia and one in the U.S. for the rubber stockpile, which currently stands at around 285,000 tonnes.

Tea producers to study market stabilisation

BY OUR COMMODITIES STAFF

NEW DELHI. Trade officials from Sri Lanka and China will arrive in Delhi shortly to discuss with India new arrangements to stabilise world tea prices, a senior Indian Commerce Ministry official said yesterday, reports Reuter.

The three countries account for almost 60 per cent of the world's total tea exports of 800-850m kilos a year. Britain is the biggest importer, followed by the U.S. and the Soviet Union.

"We are hoping it will be possible to reach consensus on a formal or an informal arrangement to regulate tea prices and avoid violent price fluctuations," the official said.

Major tea producers have so far failed to agree on the allocation of export quotas. "Disagreement largly relates to export quota demand of some new tea producing conutries which is unrelated to their current tea output," the official said.

He declined to name the countries but trade sources said Kenya and some other African nations wanted quotas linked to future tea output rather than current production, a demand unacceptable to traditional producers such as India and Sri Lanka.

Drive to expand sales of Scottish raspberry crop

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MARKETING IMPROVEMENTS for Scotland's raspberry industry are to be investigated by the Scottish Development Agency and the National Farmers Union in a joint initiative.

Scotland's share of the UK raspberry acreage fell from 86 per cent in 1970 to 60 per cent in 1982 and between 1973 and 1984 the area planted with raspberries fell by over 4 per cent.

Finding adequate labour to pick the crop and the impact of subsidised raspberry pulp from Eastern Europe are among the problems facing raspberry growers, according to Mr Jim Maxwell, project officer with the SDA.

Most of Scotland's raspberry crop is grown in Tayside. According to the SDA the new project will aim to unite management and financial resource to present a co-ordinated and efficient marketing front for growers.

A study of the raspberry crop is to be undertaken by Fintrac Consulting, agribusiness consultants.

The revival of the flax industry has been another project of the SDA in Scotland. A flax crop has been grown in the Arbroath for the first time since the Second World War.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

Official closing (am): Cash 818.5-20.5 (813-.5): three months 840-.5 (836.5-7): settlement 820.5 (813.5). Final Kerb Close: 836-7. Turnover: 13,725 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	817-8	-1.0	820/812
3 months	839-40	-2.0	841.5/836

COPPER

Official closing (am): Cash 1134.5-5 (1120.5-1.5), three months 1152-.5 (1139-.5), settlement 1135 (1121.5). Final Kerb Close: 1141-2.

Higher grade	Unofficial close	+ or —	High/Low
Cash	1131.5-2.5	+4.5	1135/1134
Three m'nths	1149.5-50	+5.5	1155/1141.5

Official closing (am): Cash 1126-7 (1113-4): three months 1141-2 (1127-8): settlement 1127 (1114). Turnover: 19,450 tonnes. U.S. Producer prices 66.50-70.00 cents per pound.

Cathodes			
Cash	1121-4	+3.5	1126/1126
Three m'nths	1137-40	+4.5	—

LEAD

Official closing (am): Cash 320-2 (307.5-8): three months 300-1 (303.5-4.5), settlement 322 (308). Final Kerb Close: 300-01. Turnover: 15,025 tonnes. U.S. Spot: 19.00-21.00 cents per pound.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	314-6	-3.0	323/320
3 months	302-0.5	-6.25	307/300

NICKEL

Official closing (am): Cash 4410-5 settlement 4415 (4445). Final Kerb Close: 4335-40. Turnover: 1,152 tonnes. ( ): three months 4350-5 ( ).

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	4390-4400	+10.0	4410/4410
3 months	4340-5	+5.0	4360/4340

TIN

Official closing (am): Cash 9726-2 (9680-5): three months 9586-7 (9563-5): settlement 9728 (9685). Final Kerb close: 9586-90. Turnover: 1,435 tonnes. Straits tin $m29.40 (29.35) kilo.

High grade	Unofficial close p.m. £ per tonne	+ or —	High/low for day
Cash	9725-30	+47.0	7735/9722
3 months	9690-5	+26.5	—

Official closing (am): Cash 9740-5 (9680-5); three months 9590-600 (9583-5); settlement 9745 (9685).

Standard			
Cash	9725-30	+47.0	9730/9720
3 months	9585-6	+22.0	9590/9560

ZINC

Official closing (am): Cash 572-4 (567-8): three months 583-4 (581.5-2): settlement 574 (568). Final Kerb Close 575-6. Turnover: 10,800 tonnes. U.S. Prime Western: 44.50-47.75 cents per pound.

	Official close p.m. £ per tonne	+ or —	High/low
Cash	570.5-1.5	-2.5	—
3 months	580-0.5	-4.25	586/573

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	June 13 1985	+ or —	Month ago
Aluminium	£1100	—	£1100
Free Mkt	$1065/085	—	$1145/175
Copper			
Cash h Grade	£1132	+4.5	£1205.75
3 mths	£1149.75	+5.5	£1204.75
Gold troy oz	$314.0	-0.25	$320.5
Lead Cash	£315	-3	£298.5
3 mths	£302.25	-6.25	£302.5
Nickel			
Free Mkt	250/280c	—	249/275c
Palladium oz	$97.65	+0.25	$110.00
Platinum oz	$265.10	-0.90	$277.80
Quicksilver†	$280/290	—	$280/290
Silver troy oz	487.75p	+1.95	517.15p
3 mths	502.30p	+1.80	532.30p
Tin cash	£9727.5	+47.0	£9550
3 mths	£9586.5	+22.0	£9517
Tungsten	$75.39	—	$74.36
Wolfram 22.04lb	$58/62	—	$68/71
Zinc	£571	-2.5	£647.5
3 mths	£580.25	-4.25	£653.5
Producers	$960	—	$960

OILS	June 13 1985	+ or —	Month ago
Coconut (Phil)	$612.50v	—	$720
Palm Malayan	$570y	—	$608
SEEDS			
Copra Phil	$365	-5	$430
Soyabean (U.S.)	$258.0w	+0.75	‡
GRAINS			
Barley Fut. Nov.	£101.5	—	£99.25
Maize	£146.50	—	£150.00
Wheat Fut Sept	£98.70	-0.05	£120.80
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. Sept.	£1734	-50.5	£1781.5
Coffee Ft. Sept.	£2164	+24.5	£2110.5
Cotton A Index	62.80c	—	65.05c
Gas Oil Aug.	$212	+1	$215
Rubber (kilo)	67p	—	64p
Sugar (raw)	$92	+4	$86
Wooltops 64s	457p kilo	—	481p kilo

‡ Unquoted. x May-June. v June-July. w Sept. y July. † Per 76 lb flask. c Cents per pound.

GOLD

Gold fell just $¼ an ounce from Wednesday's close in the London bullion market yesterday to finish at $313½-314 and traded between a high of $314¼-314¾ and a low of $313¾-313¾. The day's trading range was quite narrow because the dollar failed to react to yesterday's U.S. retail sales figures. An unexpected fall in May's figures was countered by a sharp upward revision in the April figure.

GOLD BULLION (fine ounce) June 13

Close	$313¾-314¼	(£247¾-248¼)
Opening	$313½-314	(£248½-249)
M'n'g fix	$314.10	(£248.798)
Aft'n'n fix	$313.75	(£248.359)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$321-321½	(£253¾-254¼)
½ Krug.	$166¾-167¼	(£131¾-132¼)
¼ Krug.	$85¼-85¾	(£67½-67¾)
1/10 Krug.	$34¾-35¼	(£27½-27¾)
Mapleleaf	$323¼-323¾	(£255½-256)
New Sov.	$74½-75	(£59-59½)
½ New Sov	$45-45½	(£35½-36)
Old Sov.	$75¼-76¾	(£59½-60¼)
$20 Eagle	$460-490	(£365¾-387¼)
Noble Plat	$272-276	(£215½-218)

SILVER

Silver was fixed 1.95p an ounce higher for spot delivery in the London bullion market yesterday at 487.75p. U.S. cent equivalents of the fixing levels were spot 616c, up 1.7c three-month 627.5c, up 1.7c six-month 639.85c, up 2c and 12-month 666.55c, up 1.85c. The metal opened at 487½-490½p (615-618c) and closed at 485-488p (614-617c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	487.75p	+1.55	486.00p	-3.5
3 months	502.30p	+1.80	500.75p	-3.2
6 months	516.80p	+1.80	—	—
12 months	544.55p	+1.85	—	—

LME—Turnover: 78 (33) lots of 10,000 oz. Cash high 489, low 489; three months high 504, low 501.5. Final Kerb 500-02.

FREIGHT FUTURES

Despite a lacklustre start the Biffex register d small gains todays as buying support slowly built up. Firmer physical prices have been reported and would account for the day's firmer tone, reports Clarkson Wolff.

	Close	High/Low	Prev.
July	890/895	891/889	890/891
Oct.	915/917	918/912	910/912
Jan.	915/918	915/910	908/912
April	965/970	970/967	970/965
July	915/930	—	919/920
Oct.	970/980	—	970/980
Jan.	980/1030	—	950/1050
April	960/1095	—	1045/1112

GRAINS

July wheat was fairly dull losing 25p on lack of physical interest but rallied late in session on short covering. New crops were a touch steadier but quiet after farm ministers' failure to agree a price settlement, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
July	118.10	+0.20	—	—
Sept.	98.70	-0.05	97.70	-0.15
Nov	101.85	—	101.50	—
Jan	105.55	—	105.05	-0.05
Mar	108.85	-0.05	108.05	+0.05
May	112.25	+0.05	111.00	+0.15

Business done—Wheat: July 118.10-7.65, Sept 98.85-8.70, Nov 101.85 only, Jan 105.70-5.50, Mar 109.10-8.85, May 12.40 only. Sales: 137 lots of 100 tonnes. Barley: Sept 97.70 only, Nov 101.50 only, Mar 108.10 only, May 111.00 only. Sales: 30 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: July 144.95, Aug and Sept 141.10, Oct 145.55, sellers transhipment East Coast. U.S. No. 2 Soft Red Winter: June 123, July 128.25, Aug 130, Sept 132.25, sellers. English Feed, fob: June 121, Aug/Sept 99.00, Sept 100, Oct/Dec 104, Jan/March 110, sellers. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: June 146.50, sellers. Barley: English Feed, fob: July/Aug 97.50, Aug 98.50, Oct/Dec 104.50, sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed Wheat: N. West 117.70 Feed Barley: N. West 114.00. The UK monetary coefficient for the week beginning Monday June 17 will remain unchanged.

COFFEE

As speculation continued over the current weather pattern in Brazil prices fluctuated in erratic conditions while remaining above the previous close, reports DBL. Opening gains of £3-£5 were extended to £42 as several bouts of commission house buying lifted values. However, prices fell back under pressure from dealer seller and some light jobber profit-taking.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	2110-11	+30.5	2133-90
Sept.	2163-65	+24.5	2180-43
Nov.	2206-10	+26.0	2224-66
Jan.	2235-40	+23.5	2254-25
March	2236-39	+35.5	2250-22
May	2210-40	+26.0	—
July	2200-40	+31.0	—

Sales: 6,015 (2,081) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for June 12: Comp. daily 1979 132.68 (131.56): 15-day average 131.84 (131.80).

INDICES

FINANCIAL TIMES

June 12	June 11	M'th ago	Year ago
278.53	277.39	290.98	306.07

(Base: July 1 1952 = 100)

REUTERS

June 13	June 12	M'th ago	Year ago
1794.1	1787.8	1873.8	1936.6

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	June 6	June 5	Month ago	Year ago
Spot	117.78	117.47	—	140.63
Fut.	120.81	120.21	—	140.51

(Base: December 31 1974 = 100)

COCOA

Although due limit down futures in fact held above this level until the early afternoon and weakened thereafter to end an active session £50.00 off on the day. Some scale down buying interest was noted, however, producers declined to follow the market down and stood aside, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1773-1774	-49.0	1800-1773
Sept.	1733-1735	-50.5	1758-1733
Dec.	1703-1704	-43.0	1725-1701
Mar.	1720-1721	-36.5	1740-1720
May	1735-1736	-30.0	1748-1735
July	1748-1750	-25.0	1755-1753
Sept.	1761-1775	-15.5	—

Sales: 3,808 (4,726) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for June 13: 94.11 (97.21); five-day average for June 14: 95.95 (96.38).

SUGAR

LONDON DAILY PRICE—Raw sugar $92.00 (£73.00), up $4.00 (up £3.50) a tonne for June/July delivery. White sugar $133.00, down $1.00.

Reports that operators were paying substantial premiums for prompt delivery raws lifted prices some $3 before profit-taking pared the gains at the close, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug.	91.6-92.0	91.0-91.2	94.2-91.6
Oct.	95.6-96.0	95.0-95.2	96.2-95.4
Dec.	98.4-100.4	97.8-98.8	98.4-96.4
Mar.	110.4-110.8	109.0	112.4-108.4
May	114.0-114.8	112.0-113.6	114.1-113.6
Aug	120.5-121.6	119.0	121.4-120.8
Oct	129.2	124.0	125.0-124.8

Sales: 2,149 (1,492) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £172.50 (£171.50) a tonne for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for June 12: Daily price 2.89 (2.73): 15-day average 2.77 (same).

OIL

Crude oil trading was thin but at firmer prices both in the Arab Gulf and in the North Sea. Nymex opened 17 cents up and traded 21 cents up by 1 pm EST. In the petroleum products market gasoil prices firmed in thin trade. Strong barge prices, some German end user demand and a shortage of prompt material caused levels to rise. The heavy fuel market was stable with demand to the U.S. east coast for low sulphur grades. Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	26.70-26.75	+0.30
Arab Heavy	24.85-25.05	—
Dubai	25.50-25.56	+0.20
Brent Blend	26.20-26.25	+0.275
W.T.I. (1pm est)	26.71-27.00	+0.20
Forcados (Nigeria)	26.00-26.20*	—
Urals (cif NWE)	25.25-25.55*	-0.10
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	280-282	—
Gas Oil	216-218	+0.50
Heavy fuel oil	126-128	—

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
July	213.0	+1.25	212.50-13.75
Aug	212.0	+1.00	212.00-12.75
Sep	213.0	+1.00	212.50-13.50
Oct	215.0	+2.00	215.00-15.75
Nov	218.0	+1.50	218.00-18.00
Dec	219.5	—	—
Jan	220.5	-1.00	—

Turnover: 763 (1,020) lots of 100 tonnes.

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or —	Business Done
June	117.0-121.8	-0.75	—
August	114.5-115.0	+0.05	115.0-114.8
October	115.5-116.0	+0.05	116.0-116.1
Dec	121.0-121.5	-0.25	121.4-121.4
Feb	126.5-127.5	-0.50	—
Apr	128.0-128.5	-0.35	—
June	127.5-128.5	-0.50	—

Sales: 342 (254) lots of 20 tonnes.

POTATOES

The market lost all recent gains during early trading to test support area of £77.50 basis April, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	59.20	60.40	60.00-59.00
Feb.	66.80	67.30	—
Apr.	77.70	78.90	78.00-77.40
May	83.70	84.50	85.50-83.80

Sales: 242 (187) lots of 40 tonnes.

PIGMEAT

Improved volume and trading interest carried values higher especially on the near positions, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug.	102.10	101.40	102.50-101.70
Oct.	107.00	107.00	107.20-107.10
Nov.	107.40	107.50	107.70-107.00
Feb.	99.30	99.30	99.50-99.50
April	99.60	99.50	—
June	98.00	98.00	—

Sales: 94 (89) lots of 50 carcases, 3,250 kg.

RUBBER

PHYSICALS—The London market opened slightly easier, attracted very little interest throughout the day and closed on a quiet note, reports Lewis and Peat. Closing prices (buyers) spot 67.00p (same). July 70.00p (69.25p). August 70.00p (69.25p).

U.S. MARKETS

PRECIOUS metals continued to perform in a featureless fashion following a neutral retail sales report with traders sidelined ahead of the US money supply report, reports Heinold Commoditions. Copper and aluminium continued under pressure on report of weak cash demand. Sugar traded firmer on technical buiying. Coffee continued to show a firm tone onconcern over the potential for cooler temperatures in Brazil. Cocoa weakened following yesterday's late selloff on the upward revision in surplus estimates. Cotton remained firm reflecting good mill pricing. Heating oil firmed on a report that Opec was producing below its stated quota. The grain complex was mixed with maize benefiting from export interest in the old crop. Soyabean complex was firm on a firm cash tone.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	4500	—	—	4535
July	4515	4570	4500	4555
August	4550	—	—	4590
Sept	4585	4620	4585	4625
Dec	4690	4745	4680	4730
Jan	4725	—	—	4765
March	4795	—	—	4835
May	4865	—	—	4905
July	4935	—	—	4975
Sept	5005	—	—	5045

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
July	147.89	148.45	147.35	146.72
Sept	149.73	150.20	149.10	148.68
Dec	149.75	150.40	149.35	148.61
March	149.20	149.75	148.50	147.88
May	148.38	148.75	148.75	147.08
July	147.70	148.00	147.50	146.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	60.15	—	—	60.80
July	60.35	61.30	60.10	61.05
August	60.80	—	—	61.50
Sept	61.25	62.15	61.10	61.95
Dec	62.30	63.25	62.05	63.00
Jan	62.50	—	—	63.20
March	62.95	63.90	63.10	63.85
May	63.35	63.80	63.40	64.05
July	63.75	64.70	63.80	64.45
Sept	64.20	65.05	64.25	64.85

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel

	Close	High	Low	Prev
July	27.40	27.41	27.15	27.01
August	26.52	26.52	26.29	26.17
Sept	26.07	26.08	25.89	25.77
Oct	25.84	25.84	25.73	25.59
Nov	25.65	25.61	25.55	25.43
Dec	25.45	25.45	25.35	25.28
Jan	25.15	25.32	25.20	25.14
Feb	25.10	—	—	25.00
March	25.10	—	—	24.90
April	25.10	—	—	24.85

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	63.23	63.74	62.60	62.60
Oct	61.55	62.10	61.30	61.25
Dec	62.00	62.20	61.75	61.69
March	63.03	63.14	62.75	62.60
May	63.32	63.20	63.00	62.75
July	63.60	63.55	63.45	63.25

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	314.4	314.7	313.4	313.6
July	315.9	—	—	315.2
August	317.4	317.8	316.0	316.7
Oct	321.0	320.9	319.8	320.3
Dec	325.0	325.0	323.8	324.3
Feb	329.2	329.2	328.0	328.5
April	333.4	—	—	332.7
June	338.0	—	—	337.3
August	342.8	—	—	342.1
Oct	347.7	—	—	347.1
Dec	352.7	—	—	352.1
Feb	358.2	359.0	359.0	357.6
April	363.8	—	—	363.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
July	69.10	69.40	68.70	68.38
August	68.45	68.50	67.85	67.62
Sept	69.00	69.00	68.50	68.23
Oct	69.70	69.70	69.25	68.79
Nov	70.20	70.20	69.95	69.50
Dec	70.85	71.00	70.65	70.35
Jan	71.35	71.50	71.35	71.10
Feb	71.50	—	—	71.50
March	70.80	—	—	70.80
April	69.80	—	—	69.80

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	144.40	145.75	144.25	145.95
Sept	141.15	142.50	141.10	142.80
Nov	139.50	140.70	139.50	141.10
Jan	138.60	139.00	138.90	140.20
March	138.80	139.50	139.25	140.20
May	138.80	—	—	140.20
July	138.80	—	—	140.20
Sept	138.80	—	—	140.20
Nov	138.80	—	—	140.20

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	262.6	—	—	262.6
July	263.5	264.0	262.5	263.1
August	—	—	—	—
Oct	268.3	268.7	267.7	267.8
Jan	273.3	273.5	272.5	272.8
April	278.3	278.0	278.0	277.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	617.0	616.5	616.5	618.3
July	619.0	621.0	615.0	620.5
August	622.6	—	—	624.2
Sept	626.9	629.0	623.0	628.5
Dec	638.9	640.0	637.5	640.6
Jan	643.3	—	—	645.1
March	651.5	654.0	653.0	653.3
May	660.4	—	—	662.3
July	670.0	670.0	670.0	671.9
Sept	680.7	—	—	682.1

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	3.00	3.08	3.00	2.90
Sept	3.07	3.18	3.07	2.97
Oct	3.16	3.26	3.16	3.09
Jan	3.48	3.52	3.49	3.42
March	3.89	3.94	3.86	3.81
May	4.12	4.15	4.08	4.01
July	4.35	4.37	4.30	4.22
Sept	4.46	—	—	4.38
Oct	4.63	4.64	4.59	4.52

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	60.17	60.50	60.10	60.30
August	62.15	62.62	62.07	62.62
Oct	62.32	62.65	62.22	62.47
Dec	63.50	63.75	63.45	63.60
Feb	64.20	64.50	64.10	64.35
April	65.20	65.35	65.17	65.32
June	65.60	65.60	65.50	65.85

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	47.72	48.10	47.50	47.72
July	49.82	50.85	49.75	50.47
August	49.95	50.67	49.90	50.40
Oct	46.92	47.37	46.90	47.22
Dec	48.22	48.72	48.22	48.57
Feb	50.00	50.32	49.60	49.80
April	46.50	46.65	46.35	46.12
June	48.75	48.75	48.55	48.65
July	49.50	49.60	49.40	49.50

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	279.0	279.4	277.2	278.0
Sept	263.0	263.4	261.4	263.0
Dec	257.6	258.2	257.2	258.6
March	266.4	267.0	266.2	267.4
May	269.0	270.0	268.6	270.6
July	268.6	270.0	268.6	270.6
Sept	254.0	255.4	254.0	256.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	66.75	68.35	66.70	67.45
August	66.42	67.90	66.35	67.07
Feb	73.55	74.25	73.40	73.77
March	73.40	74.00	73.40	73.75
May	73.97	74.50	73.65	74.70
July	74.50	74.50	74.25	74.70

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	589.4	490.0	581.4	583.4
August	583.2	583.4	575.4	577.2
Sept	576.6	576.6	570.4	572.2
Nov	579.2	579.4	572.4	576.0
Jan	588.4	588.4	581.4	584.0
March	598.2	598.4	592.0	594.0
May	606.0	606.0	600.0	602.4
July	611.4	611.4	605.0	607.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	124.7	125.0	122.3	122.7
August	127.8	127.8	125.0	125.6
Sept	130.5	131.0	127.9	128.5
Oct	132.3	132.5	130.3	131.3
Dec	138.0	138.0	135.2	135.7
Jan	140.4	141.0	138.3	138.0
March	144.5	144.5	143.8	143.2
May	149.0	151.5	147.8	148.3
July	152.7	—	—	151.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	30.87	31.13	30.85	31.13
August	29.87	30.00	29.72	29.97
Sept	28.98	29.00	28.75	29.03
Oct	27.90	28.05	27.80	27.95
Dec	27.12	27.18	26.85	27.07
Jan	26.68	26.68	26.40	26.55
March	26.20	26.20	25.90	26.08
May	25.80	25.80	25.50	25.76
July	25.10	25.10	24.95	25.05
August	24.95	24.95	24.95	25.00

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	327.0	328.6	325.2	328.0
Sept	329.2	331.2	327.2	329.6
Dec	336.4	338.2	334.4	336.4
March	336.2	338.4	335.2	337.0
May	326.4	328.4	326.4	326.4
July	308.4	309.0	307.4	308.0

OTHER MARKETS

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 100.05p per kg lw (+0.78): GB—Sheep 192.56p per kg est dcw (−2.70): GB—Pigs 83.45p per kg lw (+3.64).

SMITHFIELD MEAT—Pence per pound. Beef: Scotch killed sides 76.0-81.0; English hindquarters 93.5-97.0, forequarters 52.0-56.0; Ulster hindquarters 94.0-97.0. Veal—Dutch hinds and ends 138.0-144.0. Lamb—English small 82.0-88.0, medium 80.0-84.0, heavy 78.0-80.0; Imported: New Zealand PL 65.5-67.0, PX 66.0-66.0. Pork—English under 100 lb 49.0-57.0, 100-120 lb 51.0-55.0, 120-160 lb 42.5-45.0.

COTTON

LIVERPOOL — Spot and shipment sales amounted to 70 tonnes. Restricted operations involved few fresh dealings. Occasional interest was displayed in Colombian growths.

HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5 kg, 91.5p a kg (90.2p withdrawn); 26-30.5 kg, 104.9p a kg (104.6p); 22-26.5 kg, 114.8p a kg withdrawn (114.8p withdrawn);

SPOT PRICES—Chicago loose lard 17.50 (same) cents per pound. New York tin 558.0-560.0 (557.0-560.0) cents per pound. Handy and Harman silver bullion 614.0 (617.5) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar quietly firmer

The dollar finished towards the best level of the day in currency markets although U.S. retail sailes figures failed to provide any renewed stimulus. This was mainly because a surprise fall of 0.8 per cent in the May figure, compared with expectations of anything up to a 1.5 per cent rise, was countered by an upward revision in the April figure to a rise of 2.4 per cent from 0.9 per cent.

This served to underline the unreliability of this figure taken on its own and the market appeared to correct its stance quite quickly and refous its attention on today's industrial production and producer prices. Given the market's current interest in individual economic statistics, there was no clear cut reason for pushing the dollar outside its recent trading ranges before any clear trend in the U.S. economy is established.

Consequently the dollar closed at DM 3.0995 from DM 3.0890 and SwFr 2.6095 compared with SwFr 2.5985. Against the yen it was unchanged at Y249.80 but rose in terms of the French franc to FFr 9.4425 from FFr 9.41. On Bank of England figures, the dollar's exchange rate index rose to 146.1 from 145.7.

STERLING — Trading range against the dollar in 1985 is 1.2945 to 1.0525. May average 1.2517. Exchange rate index 79.5 against an opening rate of 79.3 and Wednesday's close of 79.2.

Sterling finished firmer on the day in rather quiet trading. Wednesday's move by two major clearing banks to reduce base rates to a uniform 12½ per cent tended to strengthen feeling in the market that rates were unlikely to fall in the near future. Sterling closed at $1.2640-1.2650, a fall of 30 points from Wednesday's close. It was firmer against the D-mark however at DM 3.9175 from DM 3.9150 and SwFr 3.30 compared with SwFr 3.2950. Against the French franc it rose to FFr 11.9350 from FFr 11.92, but slipped against the Japanese yen to Y316.0 from Y316.75.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. May average 3.1024. Exchange rate index 121.4 against 120.6 six months ago.

The dollar closed at DM 3.0960 in Frankfurt, having dipped after the release of U.S. retail sales figures only to recover on the previous month's upward revision. Earlier in the day it had been fixed at DM 3.0997 from DM 3.0820 previously.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc ...	44.9008	45.2433	+0.76	+0.82	±1.5471
Danish krone	8.14104	8.05563	−1.05	−0.98	±1.6419
German D-mark.	2.24184	2.24515	+0.15	+0.21	±1.1475
French franc......	6.87456	6.84222	−0.47	−0.41	±1.3659
Dutch guilder ...	2.52595	2.53032	+0.17	+0.23	±1.5171
Irish punt.........	0.72569	0.717321	−1.15	−1.09	±1.6673
Italian lira	1403.49	1428.37	+1.77	+1.77	±4.0610

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	June 13	Previous
8.30 am	79.3	79.2
9.00 am	79.3	79.2
10.00 am	79.3	79.2
11.00 am	79.3	79.2
Noon	79.4	79.2
1.00 pm	79.3	79.2
2.00 pm	79.4	79.3
3.00 pm	79.4	79.2
4.00 pm	79.5	79.2

£ IN NEW YORK

	June 12	Prev. close
£ Spot	$1.2658-1.2665	$1.2650-1.2660
1 month	0.52-0.49 pm	0.55-0.51 pm
3 months	1.47-1.45 pm	1.51-1.47 pm
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

June 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2585-1.2680	1.2640-1.2650	0.51-0.48c pm	4.70	1.47-1.42pm	4.57
Canada	1.7257-1.7387	1.7325-1.7375	0.41-0.33c pm	2.56	1.25-1.11pm	2.72
Nethlnd.	4.39¾-4.41¼	4.40¼-4.41¼	2¼-1⅞c pm	5.44	6¾-6pm	5.55
Belgium	78.65-79.04	78.85-78.96	27-22c pm	3.73	76-67pm	3.62
Denmark	13.99-14.06½	14.05½-14.06½	3-1⅞ore pm	2.06	9-7¾pm	2.38
Ireland	1.2489-1.2516	1.2500-1.2510	0.08p pm-0.09 dis	−0.05	0.35pm-.09d	−0.42
W. Ger.	3.90¾-3.92¾	3.91¼-3.92¼	2¼-2¼pf pm	6.70	[illegible]	6.75

Belgian rate is for convertible francs. Financial franc 79.15-79.25. Six-month forward dollar 2.54-2.49c pm, 12-month 4.00-3.90c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.60-62.70.

OTHER CURRENCIES

* Selling rate.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

*CS/SDR rate for June 12: 1.36073.

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Erratic trading

Trading was rather confused in the London International Financial Futures Exchange yesterday following the release of U.S. retail sales figures. These showed an unexpected fall of 0.8 per cent compared with revised market estimates of up to a 1.5 per cent increase. The shock effect was quickly countered by an upward revision in the previous month's figures to a rise of 2.4 per cent from 0.9 per cent previously.

Early trading say Eurodollar prices marked down amid rumours of a higher-than-expected retail sales figure with the trend accelerated by a slightly firmer cash market. However, continued selling was mostly soaked up in good two-way business but the downward trend was continued as U.S. markets opened. News of the fall prompted a strong rally with many people having run short positions and the day's high was reached with investors paying up in near panic conditions. Predictatbly the revision to April's figure prompted areverse trend so that values finished little changed on balance

Despite all this the market still showed quite a bullish undertone despite a growing feeling that the Fed was unlikely to cut its discount rate this weekend. Its judgment and the market's mood will no doubt be influenced by today's industrial production and producer prices figures.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.92	92.10	91.78	91.93
Dec	91.42	91.50	91.35	91.46
March	90.99	91.03	90.94	91.04
June	90.62	90.66	90.55	90.88
Sept	90.31	90.26	90.24	90.47

Estimated volume 8,023 (5,058)
Previous day's open int 16,808 (19,497)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.29	88.33	88.22	88.36
Dec	88.79	88.82	88.76	88.89
March	88.97	88.98	88.96	89.05
June	89.00	—	—	89.05

Estimated volume 1,520 (1,316)
Previous day's open int 5,740 (7,367)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	106-08	106-03	105-29	106-09
Sept	110-04	110-08	109-23	110-08
Dec	110-04	—	—	110-18
March	110-20	—	—	110-24

Estimated volume 2,361 (1,250)
Previous day's open int 3,381 (3,823)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −27 to −17 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.2515	1.2500	1.2480	1.2510
Dec	1.2397	1.2385	1.2359	1.2390
March	1.2320	1.2280	1.2280	1.0789

Estimated volume 408 (6)
Previous day's open int 3,982 (9,888)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3246	0.3248	0.3243	0.3258
Dec	0.3265	—	—	0.3272

Estimated volume 20 (12)
Previous day's open int 251 (235)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.3866	0.3855	0.3849	0.3873

Estimated volume 335 (nil)
Previous day's open int 158 (179)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4018	—	—	0.4021

Estimated volume nil (3)
Previous day's open int 257 (149)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	128.75	129.00	128.40	129.30
Sept	129.05	129.35	128.90	129.50

Estimated volume 767 (837)
Previous day's open int 1,768 (1,584)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	78-08	78-17	78-02	78-21
Sept	77-06	77-17	76-23	77-23
Dec	76-06	—	—	76-25

Estimated volume 3,874 (2,860)
Previous day's open int 2,312 (2,181)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	78-10	78-20	77-29	78-09
Sept	77-08	77-18	76-28	77-08
Dec	76-07	76-19	75-28	76-09
March	75-10	75-20	76-02	75-12
June	74-15	74-23	74-07	74-17
Sept	73-25	73-28	73-10	73-24
Dec	73-05	—	—	73-00
March	—	—	—	72-09
June	71-19	71-19	71-19	71-20
Sept	—	—	—	—
Dec	—	—	—	70-13

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.86	92.92	92.71	92.77
Dec	92.48	92.56	92.38	92.42
March	92.12	92.189	92.04	92.08
June	91.81	91.85	91.73	91.77
Sept	91.57	91.57	91.47	91.53
Dec	91.29	91.31	91.26	91.31
March	91.06	91.06	91.06	91.11
June	90.88	—	90.88	90.93

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.60	92.60	92.56	92.60
Sept	92.23	92.30	92.17	92.24
Dec	—	—	—	91.76
March	—	—	—	91.29

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.32	92.34	92.27	92.29
Sept	91.90	92.02	91.79	91.91
Dec	91.40	91.49	91.31	91.41
March	90.96	91.01	90.90	90.97
June	90.57	90.62	90.53	90.60
Sept	90.26	90.29	90.23	90.26
Dec	89.96	89.99	89.93	89.96
March	89.66	89.70	89.62	89.70

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2625	1.2690	1.2610	1.2655
Sept	1.2485	1.2550	1.2460	1.2515
Dec	1.2380	1.2400	1.2350	1.2405
March	—	—	—	1.2250
June	—	—	—	1.2280
Sept	—	—	—	1.2505

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	—	—	—	76-02
Sept	75-13	75-16	75-00	75-14
Dec	—	—	—	74-24
March	—	—	—	—
June	—	—	—	73-23
Sept	—	—	—	73-11

Frost hits Brazil's best coffee areas

BY ANDREW WHITLEY IN RIO DE JANEIRO Financial Times, 12th June

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$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 12, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of June 12 at 11.00 a.m.
3 months: 7 11/16 6 months: 7⅞

ECU=$US.727912 SDR1=$US.993989
Sibor as of June 12 at 11.00 a.m.
3 months: 7¾ 6 months: 7⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.9937
Algeria	Dinar	5.096
Andorra	Fr. Franc	9.385
	Sp. Peseta	175.13
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (8)	758.11
Australia	Dollar	1.4897
Austria	Schilling	21.656
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.385
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	2.95
Guinea Bissau	Peso	147.323
Guinea Rep	Syli	24.8346
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	592.00
Peru	Sol (o)	10573
Philippines	Peso	18.48
Pitcairn Is	N.Z. Dollar	2.2957
Poland	Zloty (O) (3)	159.00
Portugal	Escudo	176.25
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641

MONEY MARKETS

UK rates show little change

Interest rates showed very little change in London yesterday in rather uninspiring trading. Sterling remained steady and the dollar showed little reaction to U.S. retail sales figures. Wednesday's move in base rates by two major clearing banks was noted and forgotten since it tended to suggest a consolidation at current levels rather than any renewed downward push. Three-month eligible bank bills were bid at 11 31/32 per cent, unchanged from Wednesday while three-month interbank finished at 12 7/16-12 5/16 per cent compared with 12 7/16 per cent. Overnight 12 7/16-12½ per cent. Overnight interbank traded between 12⅝ per cent and 11 per cent.

> UK clearing banks base lending rate 12½ per cent since June 12

The Bank of England forecast a shotrage of around £650m with factors affecting the market and a take up of Treasury bills together draining £283m and the unwinding of previous sale and repurchase agreements a further 664m. There was also a rise in the note circulation of £35m. These were partly offset by Exchequer transactions adding £250m and banks' balances brought forward £90m above target.

To help alleviate the shortage the Bang offered an early round of assistance which totalled 354m and comprised purchases of £78m of eligible bank bills in band 1 (up to 14 days) at 12½ per cent and £179m in band 2 (15-33 days) at 12½ per cent. In band 3 (34-63 days) it bought 13m of Treasury bills, £4m of local authority bills and £58m of eligible bank bills all at 12½ per cent and in band 4 (64-91 days), £2m of eligible bank bills at 12 per cent.

In the afternoon the Bank gave aditional help of £77m through purchases of £41m of eligible bank bills in band 2 at 12½ per cent, £31m in band 3 at 12½ per cent and £5m in band 4 at 12 per cent. It also provided late assistance of £65m, making a total of £748m.

MONEY RATES

June 13	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.40-5.50	10⅞	2⅞-3⅛	6¾-6⅞	6.09375	14⅞-15¼	8.85	12⅝-12⅞
One month	5.50-5.60	10⅛-10¼	5 5/16-5 7/16	6 11/16-6 13/16	6.21875	14¾-15⅛	8¾-9	12⅝-12⅞
Two months	5.55-5.70	10⅛-10¼	—	—	—	—	—	12½-12¾
Three months	5.55-5.70	10⅛-10¼	5 5/16-5 7/16	6⅝-6¾	6.28125	15-15⅜	8¾-9	12⅜-12⅝
Six months	5.6-5.75	10⅛-10⅜	—	6 11/16-6 13/16	—	—	8⅞-9⅛	12⅜-12⅝
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

June, 12 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-12⅝	12⅝-12½	12½-12¾	11-12½	—	—	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12½-12 11/16	12½-12⅝	12⅝-12¾	12½-12 9/16	—	—	—	—	—
One month	12⅝-12 7/16	12 9/16-12 11/16	12⅝	12¾	12½	12¼	12⅛	12¼	12 3/32	12⅞
Two months	12⅝-12½	12½-12⅝	12 9/16	12⅝	12¼	12⅛	12	12⅛	12 1/32	12¾
Three months	12 7/16-12 5/16	12⅜-12½	12½	12⅝	12⅛	12	11⅞	11 31/32	11 15/16	12 19/32
Six months	12 5/16-11 15/16	12¼-12⅜	12¼	—	—	—	—	11 29/32	11 27/32	12 7/16
Nine months	12-11⅞	12 3/16-12 1/16	—	—	—	—	—	—	—	—
One year	11⅞-11¾	11⅞-12 1/16	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits
One month	12 13/16-12 11/16	—
Two months	12⅞-12⅝	—
Three months	12 13/16-12⅝	—
Six months	12⅝-12⅜	—
Nine months	12 7/16-12 5/16	—
One year	12 5/16-12 3/16	—
Two years	—	11¾
Three years	—	11⅝
Four years	—	11⅝
Five years	—	11⅝

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period May 8 to June 4 (inclusive): 12.677 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from June 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice. Treasury Bills: Average tender rate of discount. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12½ per cent; three-six months 12¼ per cent; six-nine months 12¼ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from June 11. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate
Broker loan rate
Fed funds
Fed funds at intervention

Treasury Bills
One month
Two month
Three month
Six month
One year

Treasury Bonds
Two year
Three year
Four year
Five year
Seven year
10 year
30 year

FT LONDON INTERBANK FIXING

(11.00 a.m. June 13)

Three months U.S. dollars

bid 7 11/16	offer 7 15/16

Six months U.S. dollars

bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

DAI-ICHI
EUROPE LIMITED
For
EQUITIES & BONDS

Durrant House, 8-13, Chiswell Street.
London EC1Y 4TQ
Telephone: 01 588 4872
Telex: 883336 ICHILD

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	99¼	Treas 11¼pc 1985	99⅞xd	+⅛	11.51	13.06
99¼	97¼	Treas 8¼pcCnv '85	99¼	+⅛	8.83	12.44
101⅞	99¼	Exch. 12¾pc 1985	99⅞	−⅛	12.26	11.90
101⅛	99¼	Exch. 11¼pc '86	99⅞	−⅛	11.76	11.82
99½	97¼	Treas. 10pcCnv 1986	98⅞	−⅛	10.13	11.63
94⅞	92¼	Treas 3pc 1986	94⅛	.....	3.18	9.45
100	97½	Exch. 10½pc Cv '86	99¼	−⅛	11.60	11.55
101⅞	99⅛	Treas 12pc 1986	100½	.....	11.94	11.45
97⅛	94⅛	Treas 8¾pc 1984-86‡‡	97¼xd	−⅛	8.75	11.47
105⅛	102¼	Exch. 14pc 1986	102⅞	−⅛	13.60	11.56
93⅛	87¼	Exch. 2½pc 1986	93⅛	+⅛	2.68	7.92
104⅛	101⅛	Exch. 13¼pc 1987	102⅛	−⅛	12.95	11.59
99½	96⅝	Treas 10½pcCv '87	98⅛	−⅛	10.45	11.52
90⅞	85½	Exch 2½pc 1987	90⅞	.....	2.75	8.36
99⅛	96¼	Exch. 10½pc 1987	98½	−⅛	10.66	11.40
93⅛	89	Funding 6½pc '85-87‡‡	93⅛	−⅛	6.98	10.61
98½	95½	Treas. 10pc 1987	97⅛	−⅛	10.25	11.40
90⅛	84¼	Treas 3pc 1987	90⅛xd	.....	3.33	8.24
102⅞	99⅞	Treas. 12pc 1987	101⅛	−⅛	11.87	11.43
93¼	90¼	Treas 7¾pc 1985-88‡‡	93⅛	.....	8.31	10.73
98⅞	95⅛	Exch 10½pc '88	97⅞	−⅛	10.73	11.36
96⅞	93⅛	Treas 9¾pc Cv '88	95⅞xd	−⅛	10.18	11.44
85⅛	80	Transport 3pc '78-88	85⅛xd	.....	3.50	8.45
95⅛	91½	Treas. 9½pc '88	94⅝	−⅛	10.04	11.45
101⅛	97½	Treas 11½pc 1989	100¼	−⅛	11.47	11.39
95⅛	90¼	Treas 9½pc Cnv. '89	94⅛	−⅛	10.07	11.35
79⅞	79	Treas 3pc 1989	79⅛	.....	3.76	9.28
98½	94	Treas 10½pc 1989	97¼xd	−⅛	10.80	11.37
96⅞	92	Exch.10pc 1989	95⅛	−⅛	10.49	11.45
99⅞	95	Exch 11pc 1989	98⅛	−⅛	11.16	11.39
83⅞	79	Treas 5pc 1986-89	83⅞	.....	5.96	9.62
107½	103⅛	Treas 13pc 1990‡‡	106½xd	−⅛	12.22	11.19
99⅛	96⅞	Exch 11pc 1990‡‡	98⅛	−⅛	11.16	11.38
108¼	100¼	Exch. 12½pc 1990	104¼	−⅛	11.99	11.30
		Five to Fifteen Years				
93	87¼	Treas 8¼pc 1987-90‡‡	89⅞xd	−⅛	9.18	10.92
97¼	91⅞	Treas. 10pcCv 1990	95⅝	−⅛	10.61	11.44
105¼	97⅞	Treas 11¾pc 1991	100⅝xd	−⅛	11.62	11.46
84⅞	80	Funding 5¾pc '87-91‡‡	84½	−⅛	6.89	9.53
101¼	95	Exch. 11pc 1991	99½	−⅛	11.23	11.43
111¼	101⅛	Treas 12¾pc 1992‡‡	111⅛	−⅛	11.99	11.34
98	88⅝	Treas 10pc 1992	96⅞	−⅛	10.66	11.33
101¼	94¼	Treas 10½pc Cv 1992‡‡	97⅝	.....	10.88	11.22
108⅝	98¼	Exch. 12¼pc '92	107⅝	−⅛	11.78	11.42
114	105	Exch 13½pc 1992	112¼	−⅛	12.31	11.48
111¼	101¼	Treas 12½pc 1993‡‡	105⅞xd	−⅛	11.78	11.33
81¼	74⅞	Funding 6pc 1993‡‡	80⅝	−⅛	7.58	9.72
118¼	109¼	Treas 13¾pc 1993‡‡	113⅛	−⅛	12.22	11.38
123¼	111¼	Treas 14½pc 1994‡‡	121⅛	−⅛	12.34	11.28
114½	108¼	Exch 13½pc 1994	113	−⅛	12.14	11.44

LONDON SHARE SERVICE

BEERS, WINES—Cont.

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
245	200	Young Brew 'A' 50p	200xd	.....	6.3	♦	4.5	♦
165	130	Do. Non V. 50p	150xd	.....	6.3	♦	6.0	♦

BUILDING, TIMBER, ROADS

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
270	236	AMEC 50p	256	−9	11.0	2.3	6.1	10.1
202	180	Aberdeen Const.	186	−2	7.25	♦	5.6	♦
310	190	‡Access Satellite 5p	210	−10	u2.0	2.5	1.4	41.2
25½	18	Allied Plant 5p	20½	.....	—	—	—	—
22	22	♦Amco Ind Hldgs	22	.....	—	—	—	—
56	29	Arncliffe 10p	50	−2	0.1	♦	0.3	♦
110	82	Attwoods	98	−1	3.5	1.8	5.2	17.0
280	235	BPB Inds. 50p	245	−5	†7.0	3.5	4.1	8.8
266	206	Baggeridge Brick	262	.....	6.25	3.7	3.4	11.2
32	24	Bailey (Ben) 10p	24	.....	‡1.8	2.9	‡	4.4
40	25	Baldwin (H. J.) 10p	35	.....	—	—	—	13.8
90	66	Barratt Dev. 10p	76	.....	7.62	1.1	14.3	9.3
138	111	Bellway	135	.....	7.0	2.0	7.4	9.0
71	61	Benford M. 10p	68	.....	3.75	0.7	7.9	36.2
*166	146	‡Berkeley Group	160	.....	u3.6	2.6	3.2	19.1

DRAPERY & STORES—Cont.

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
630	375	Liberty	630	.....	6.4	3.3	1.5	29.4
410	200	Do. Non Vtg.	400	.....	6.6	3.3	2.3	18.7
£40	£22½	Limited Inc $0.50	£38⅝	+⅛	Q24c	—	0.5	—
190	142	Lincroft Kilgour 10p	175	.....	5.5	2.5	4.5	10.3
313	209	MFI Furniture 10p	287	−8	♦14.6	2.8	2.3	21.8
148	115	Marks & Spencer	129	−2	3.4	q2.0	3.8	18.9
70	50	Martin (A.) 20p	65	.....	3.0	2.7	7.3	6.4
303	218	Menzies (J.)	268	−10	3.38	4.8	1.8	16.5
173	116	Milletts Lev. 20p	168xd	−2	3.95	♦	3.4	♦
525	305	Moss Bros 20p	505xd	−10	5.0	3.4	1.4	29.3
130	96	NSS News 10p	112xd	−4	†3.3	2.9	4.2	11.7
365	275	Owen (G.) "A"	320	.....	8.0	♦	3.6	♦
585	333	Our Price 20p	528	−15	N3.0	4.0	0.8	39.5
290	178	Owen Owen	250	−15	3.9	3.0	2.2	21.7
107	84	‡Pepe Group 10p	85	.....	a3.0	2.5	5.0	11.3
97	56	Peters Stores 10p	74	.....	‡‡2.0	—	‡	—
118	100	Preedy (Alfred)	107	−1	†3.5	2.1	4.7	(11.7)
25½	20	Ramar Texts. 5p	25	.....	1.5	2.2	8.6	(6.2)
75	46	Raines 10p	75	+1	2.3	0.7	4.4	51.0
35	23	Raybeck 10p	29	.....	0.25	♦	1.2	♦

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£97	£81	Mathesons 7¼%	£95		Q7¼%	2.3	F8.5	—
35	26	Maxiprint 1p	31	−1	—	—	—	—
477	375	Metal Box £1	462	−11	17.25	d2.8	5.5	6.6
170	136	Metal Closures	141	−1	6.7	2.0	6.8	8.8
17	9	Metal Sciences 2½p	12		—	—	—	—
104	73	Midland Marts	104s		4.0	1.8	5.5	13.2
83½	68	Mitchell Cotts	70½		14.0	1.5	8.1	10.1
230	182	Morgan Crucible	210	−3	8.0	1.6	5.4	14.6
32	22	Morris (W.) F.A. 20p	30		0.5	♦	2.4	♦
110	91	Moss (Robt.) 10p	107		3.0	2.5	4.0	11.8
81	68	Myson Grp 10p	76		2.5	3.4	4.7	14.4
410	267	NMW Computers	340	−2	6.0	2.7	2.5	20.9
43	33	Nash Inds.	33		2.5	1.5	10.8	7.6
48	20	Neill & Spencer 10p	26		—	—	—	7.8
44	34	Newman Inds 10p	40		—	—	—	18.9
55	43	Do 10pc Cm Cnv Pf	39		10%	—	9.7	—
[illegible]								

LEISURE—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
232	198	Juliana's Hldg 2p	213		2.9	1.8	[illegible]	[illegible]
258	217	LWT	250		14.4	2.3	[illegible]	[illegible]
65	55	Leisuretime Int 10p	58		2.1	3.9	[illegible]	[illegible]
162	146	Mingay Ag AB 10p	162s		8.75	1.3	[illegible]	[illegible]
185	155	Media Tech Int 20p	178		2.58	3.9	[illegible]	[illegible]
200	124	Miss World 10p	187	−1	4.85	2.6	[illegible]	[illegible]
280	175	Miss World 10p	240		3.6	4.1	[illegible]	[illegible]
127½	89	Nationwide Leisure	89		3.75	2.5	[illegible]	[illegible]
39	15	Norsk Int 20c	28		—	—	—	[illegible]
24¼	19½	Owners Abroad	21½		1.0	♦	[illegible]	[illegible]
53	38	Photax (Lon.)	47		—	—	—	[illegible]
24½	21½	Polly Radio NV 5p	22½		1.27	1.1	[illegible]	[illegible]
40	30	Pineapple Dnc 5i 10p	33	−5	d1.5	1.2	[illegible]	[illegible]
465	366	Pleasurama 5p	460		9.2	3.7	[illegible]	[illegible]
119	109	Do. 7pcCvCnRedPf	117	−1	—	—	—	[illegible]
[illegible]								

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
48	35	Anglo Utd Dev	38	...	—	—	—
350	140	Centenary Min'ls	140	...	—	—	—
120	70	Colby Res Corp	90	...	—	—	—
550	450	Cons. Murch. 10c	450	...	Q100c	1.4	10.8
40	28	Ennex Int. Ir10p	30		—	—	—
235	157	Hampton Areas 10p	175		3.75	2.1	2.9
260	155	Highwood Res	165	.....	—	—	—
£22½	£18	Homestake Mining $1	£18¾	−¼	Q20c	—	1.0
310	190	McFinley Red Lake	210	−7	—	—	—
300	195	Muscio Explorations	260		—	—	—
55	23	New Sabina Res C$1	42	+2	—	—	—
375	260	Northgate C$1	280		—	—	—
685	570	RTZ	573	−2	20.0	2.7	5.0
£145½	£127	Do. 9¾pcLn '95-2000	£127	....	Q9½%	14.0	17.7
£14½	£10	Tara Explo $1	£11½	...	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	100	..	Arnott	175	....
Craig & Rose £1	900	...	CPI Hldgs	50	.....
Finlay Pkg. 5p	61		Carroll Inds.	124	... ...
Higsons Brew	228xd	...	Dublin Gas	53	....
Holt (Jos) 25p	740	.	Hall (R. & H.)	57	.....
IoM Stm. £1	83	+1	Heiton Hldgs	16	....
IRISH			Irish Ropes	45	...
Fund 11¾% 1988	£97¼	+¼	Jacob (W.& R.)	80	....
Nat. 9¾% 84/89	£91¾	.....	Unidare	85	....
Fin. 13% 97/02	£101¾	.			

OPTIONS — 3-month call rates

Stock	p	Stock	p	Stock	p
Industrials					
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	38	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	58	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity markets wilt following latest cash call

Easier trend in Gilt-edged

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets wilted afresh yesterday under a continuous stream of funding. The early announcement of a £42.3m net rights issue from **Taylor Woodrow**, which came on a market already starved of funds by the huge oversubscription of the Abbey Life offer for sale and *Hanson Trust's £519m cash call*, proved too much to digest on the penultimate day of the current Account.

The overnight setback on Wall Street in the wake of IBM's warning on growth prospects contributed to a dull opening in domestic equities, while the view that the present high level of UK interest rates are likely to *main for some time, also dampened* enthusiasm.

High technology stocks suffered another shakeout following IBM's warning, but leading Electricals encountered bear closing after initial dullness and closed higher on the day.

Blue chip industrials attempted a half-hearted rally at one stage, but the tone began to deteriorate again in the late afternoon and the Financial Times Ordinary share index closed at its lowest of the day with a fall of 7 points at 977.0, making a loss of 21.4 over the last two trading sessions.

Despite the prevailing drabness, takeover speculation was still evident. Among the sectors, Foods and Stores trended lower *as the prospect of* a lengthy spell of high interest rates caused worries about consumer spending.

Apart from normal routine trading, Government stocks passed another relatively quiet session. Reflecting the overnight fall in U.S. bonds, conventional Gilts trended easier for most of the day. The early afternoon announcement of the U.S. retail sales figures made little impact, long-dated issues rallied by around ½ to settle ¼ lower on balance. Falls in the shorts were usually limited to $\frac{1}{16}$. In contrast, demand revived for index-liked issues which enabled the Government broker to sell the remaining supplies of Treasury 2 per cent 1990 at 98¾.

Clearers drift lower

Clearing banks gave ground for want of support. **Lloyds** relinquished 7 to 588p as did **NatWest** to 658p. **Barclays** softened 6 to 372p, but **Midland** closed only a penny easier at 357p, after 355p. Among merchant banks, **Brown Shipley** moved up *10 to 445p* in response to the annual results. **Hill Samuel**, however, cheapened 5 to 305p and **Kleinwort Benson** dipped 15 to 460p.

Lloyds Broker **Minet**, affected recently by adverse comment on the substantial underwriting losses facing its Richard Beckett agency, dropped to a new low *of 188p before rallying on late* news of the first-quarter profits to close only 2 easier on balance at 190p. Elsewhere in the sector, **Hogg Robinson** declined 6 to 253p and **Willis Faber** fell 12 at 663p. Life issues succumbed to end-Account profit-taking in the wake of the strong rise which followed the Government's abolition of the State earnings-related pension scheme. **Legal and General** lost 11 at 743p and **Prudential** fell 12 to 703p.

Whitbread A became an early casualty among Breweries, falling to 214p before setling 9 off on balance at 216p on news that Mr Tony Simonds-Gooding, group managing director, is to become chief executive of Saatchi and Saatchi Communications. In Regionals, **Belhaven**, 53p, and **Forshaws Burtonwood**, 450p, both hardened a few pence following their respective annual results. Proceedings elsewhere centred on current takeover favourite **Arthur Bell** which attracted considerable speculative attention and spurted 24 more to 192p; the 9½ per cent Convertible finished 13 points higher at £212.

The cash-call from Taylor Woodrow and fears that interest rates may well remain at current levels for some time unsettled the Buildings sector.

Taylor Woodrow slumped 36 to 412p following the proposed £42.3m rights issue in the ratio of one-for-five at 370p; dealings *in the new shares are expected* to take place next Monday. **Costain Group** performed well early on and edged up to a year's best of 410p before retreating late to close a net 8 cheaper at 400p. **Tarmac** drifted back 6 to 594 reflecting reports that the company has abandoned indefinitely plans to float its oil and gas subsidiary Plascom because of the *current weakness in the oil* sharemarket. **French Kier** settled 4 off at 164p. Dealings in **Exeter Building and Construction** resumed at 9.30 am and the shares eased from an initial 143p to close at 136p.

Redland's preliminary profits were some £10m above market expectations and the shares hardened 4 to 282p.

Elsewhere **Barratt Developments** dipped a couple of pence to 74p around midday but subsequently rallied to close unaltered on balance at 76p, while **Ruberoid** gave up 10 to 183p.

ICI were a dull market throughout the session and closed 9 off at 744p. **Amersham International** dipped 12 to 343p on further consideration of the full-year results.

Profit-taking clipped 8 from **TI**, at 268p, as takeover hopes diminished. Elsewhere in Engineering, **B. Elliott** cheapened 3½ to 77p following lower profits, while falls of 6 and 8 respectively were seen in **Hopkinsons**, 194p, and **Simon**, 232p. **Camford**, however, hardened a penny to 40p on the interim results.

Leading Retailers displayed losses across the board, although dealers again reported minimal selling. **Gussies A** shed 15 more to 780p, while **British Home**, 286p, and **Sears**, 90p, gave up 7 4 respectively. **Burton** fell 14 to 482p, but takeover target **Debenhams** hardened the turn to 384p, aided by the announcement that House of Fraser now controls just over 6 per cent of the equity. Similar conditions prevailed among second-line counters with double-figure losses commonplace, especially in recent speculative high-fiers. **Owen Owen**, 250p, **Our Price**, 520p and **J. Hepworth**, 222p, all fell around 15, while **Harris Queensway** dipped 8 more to 230p. Cautious Press comment in the wake of the interim figures prompted another volatile busines in **Body Shop** which declined to 650p before settling 45 off on balance at 690p. **Etam** gave up 10 to 184p. Support was lacking for mail-orders where **Freemans** fell 12 to 224p. **Selincourt** eased a fraction to 28¼p following the increased cash alternative to the offer from **Stormguard**, unchanged at 28p.

Foods showed widespread losses. **Tate and Lyle** encountered renewed profit-taking and dipped 7 more to 498p, while further consideration of the respective full-year figures left **Tesco** a couple of pence off at 243p, and **Bassett** 10 lower at 173p. Sellers also held sway in **Argyll**, 12 off at 308p with the Warrants a similar amount down at 188p. **Bio-Isolates** fell to 40p, but later rallied to settle only 2 cheaper on balance at 46p.

Computer stocks flat

IBM's profits warning caused further depression in the Electrical sector. High technology stocks, depressed of late by adverse comment on the problems facing the computer industry, fell away sharply under a wave of selling. **AB Electronics** plummeted 30 more to 295p as did **Atlantic Computer** to 310p, while **Memec** dropped 35 to 285p and **TDS Circuits** relinquished 20 to 320p. Elsewhere, **International Signal and Control** cheapened 10 to 285p following the results and **BSR** gave up 5 to 72p. **United Scientific**, reflecting acute disappointment at losing a £500m Ministry of Defence contract to GKN, plummeted to 168p before rebounding sharply on revived speculative support to finish only a few pence easier on balance at 182p; GKN hardenel 2 to 235p. **Sound Diffusion**, at 72p, however, recovered 5 of the previous day's fall of 25 which followed the poor results. **Oxford Instrument** gained 10 to 287p on demand ahead of Monday's preliminary statement, while **Resource Technology** firmed 4 to 50p in reply to agreed bid terms from Swiss concern, Inspectorate International SA.

Apart from **Philips Lamps**, which fell ½ more to £11⅝ on further consideration of the profits warning, the leaders recovered from a dull opening with the *help of bear closing*. **Plessey**, after touching a new 1985 low of 124p, improved to close a few pence dearer at 129p, after 130p. **BICC** also gained 3 to 223p and **GEC** hardened 2 to174p.

Beecham down again

Miscellaneous industrial leaders fell away sharply. **Beecham** dropped 12 more for a two-day decline of 40 at 338p following comment on the annual results. **Reed International** gave up 15 to 635p, after 630p, while **Metal Box**, an outstanding market since reporting better-than-expected preliminary figures, gave up 11 to 462p on profit-taking. **Hanson Trust** cheapened 5 to 198p and the new nil-paid shares eased 4 to 14p premium. **BTR** lost 9 at 358p and **Boots** eased 5 to 182p. Elsewhere, **Bowater** declined 12 to 272p on fading hopes of a bid from Hanson Trust. Despite reporting *doubled annual profits*, **Applied Computer** caught up in the current malaise surrounding computer stocks fell 30 to 140p. **Eastern Produce** cheapened 13 to 342p and **Hawlety** dipped 6 to 85p, but **F. H. Tomkins** rose 7 to 211p, after 213p, on news of the acquisiiton of seven GKN subsidiaries for £13.5m cash. Speculative buying lifted **Lawtex** 7 to 80p and **Wolverhampton Steam Laundry** 4 to 47p, after 49p. **Valor** put on 8 to 190p after comment on the results.

Persistent takeover speculation led to another lively business in **Insight** which touched 180p before closing only 2 up on balance at 170p. In contrast, **Pineapple Dance Studios** slumped to a new low of 30p on nervous selling before closing a net 5 lower for a drop of 17 so far this week at 33p.

Advertising agencies turned dull. **Valin Pollen** shed 25 to 645p, while **Geers Gross** remained depressed by the chairman's bearish remarks at the recent annual meeting and dipped 10 more to 62p. In contrast, revived demand in a market short of stock left stationery manufacturers **Waverley Cameron** another 10 to the good at 163p.

Textiles escaped the general malaise. **Dawson International** met late support and rose 6 to 282p, while **Coats Patons**, still regarded as a possible target for Hanson Trust, hardened 3 more to 167p. **Bulmer and Lumb** put on a few pence to 84p following the annual results, while news that Lincroft Kilgour now holds just over 12 per cent lifted **Atkins Bros** 7 to 130p.

Oils lower

Worries over crude oil prices —OPEC has put back the full council meeting until July 5— continued to unsettle the leading oils. **BP** and **Shell** gave up around 5 apiece at 520p and 680p respectively, while **LASMO** were particularly weak and retreated to a year's low of 250p prior to closing a net 10 off at 253p. **Tricentrol** lost 5 to 210p following the £35m Eurobond issue.

Second-line issues were featured by **Caledonian Offshore** which attracted persistent support amid rumours of an imminent bid from a North American group and raced ahead to close a further 75 to the good at a record 645p. Talk of takeover developments boosted **Energy Capital** to a high of 68p before profit-taking left the close 18 firmer at 54p.

Golds edge higher

The recovery trend in South African mining markets extended to a third day, with sentiment helped by the continuing steady performance of the bullion price which held around $314 an ounce for much of the session.

A continuing stock shortage, coupled with persistent support for many of the leading issues *from Johannesburg enabled the* gold sector to rally from initially easier levels and close a shade firmer on balance. The cut in South African interest rates was an additional bullish factor. The Gold Mines index, posting its third consecutive gain, registered a further 3 point rise at 429.6.

Leading Golds showed rises ranging to ½ and sometimes more *as in Randfontein, £74¾, Southvaal, £31¼*, and Eastern Transvaal, £12⅝. On the other hand, President Steyn were a notable weak spot and fell away to close ½ off at £19¾.

Further consideration of the final dividends gave a boost to many of the mines in the Gold Fields group; **Driefontein**, £18⅜, **Kloof**, £30½, and **Libanon**, £17½, were all around ¼ firmer while **Deelkraal** added 5 at 214p.

Among South African Financials, **De Beers** remained unsettled and gave up 6 more to 404p. UK-based issues were a dull market, reflecting the continued weakness in base-metal prices and the latest downturn in domestic equities. **Rio Tinto-Zinc** dipped to a 1985 low of 570p but rallied a shade to close a net 2 easier at 573p. **Consolidated Gold Fields** settled 3 off at 522p, after 520p.

The leading Platinums held steady but **Lydenburg** attracted further Cape support and ended the day 10 higher at 550p.

Australian issues continued to lose ground in "down-under" markets overnight and the trend followed through into London. Golds were especially vulnerable with **Gold Mines of Kalgoorlie** dipping 15 to 435p, **Poseidon** a like amount off at 180p and **Central Norseman** 10 cheaper at 393p. Diversified mining groups showed **CRA** 8 off at a year's low of 305p. **MIM Holdings** 6 cheaper at 143p and **Western Mining** 5 easier at 195p.

Business transacted in Traded Options continued to expand with 8,734 contracts done, activity being evenly split between calls and puts. The FT-SE 100 index contract contributed 329 calls and 702 puts. **British Telecom** remained to the fore with 706 calls and 1,138 puts struck, while **Imperial Group** recorded 240 calls and 212 puts.

FINANCIAL TIMES STOCK INDICES

	June 13	June 12	June 11	June 10	June 7	June 6	year ago
Government Secs.	81.45	81.66	81.58	81.51	81.81	81.85	78.38
Fixed Interest	86.11	86.15	86.10	86.05	86.38	86.37	82.82
Ordinary	977.0	984.0	998.4	991.5	1001.6	1007.6	816.2
Gold Mines	429.6	426.6	424.4	421.9	434.2	445.4	684.7
Ord. Div. Yield	4.72	4.69	4.62	4.65	4.62	4.59	4.85
Earnings, Yld.% (full)	11.80	11.72	11.58	11.67	11.58	11.51	11.21
P/E Ratio (net) (*)	10.35	10.42	10.54	10.45	10.54	10.60	10.70
Total bargains (Est.)	21,181	21,161	22,092	21,863	20,867	23,312	17,965
Equity turnover £m.	—	370.98	306.78	302.40	380.70	392.60	327.82
Equity bargains	—	17,765	17,304	18,504	18,126	17,852	15,566
Shares traded (mn)	—	177.6	150.3	155.1	178.6	184.4	146.4

10 am 983.1. 11 am 982.7. Noon 982.0. 1 pm 981.5. 2 pm 981.1. 3 pm 980.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.01.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	88.00 (16/4)	78.02 (28/1)	127.4 (9/1/55)	49.18 (3/1/75)
Fixed Int.	86.38 (4/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (5/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	421.9 (10/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	June 12	June 11
Daily Gilt Edged Bargains	128.0	139.9
Equities Bargains	115.1	112.1
Equities Value	749.8	620.1
5 day Average Gilt Edged Bargains	160.0	156.5
Equities Bargains	116.0	116.6
Equities Value	708.6	701.1

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (32)

BRITISH FUNDS (4)
Treas. 8¼pc Cnv. '85 Treas. 2pc I.L. '88
Exchqr. 2½pc 1986 Treas. 2pc I.L. '90
AMERICANS (1)
Signal Cos.
BANKS (1)
Brown Shipley
BREWERS (4)
Bell (Arthur) Forshaws Burtonwood
Do. 9½pc Cnv. 1999-2001 Vaux
BUILDINGS (2)
Costain Wilson (Connolly)
STORES (3)
Ratners Brown (N.)
De Brett (Andre)
ENGINEERING (2)
British Steam Staveley Inds.
FOODS (2)
Iceland Froz. Foods Nediers
INDUSTRIALS (7)
Blue Arrow Tomkins (F. H.)
Chamberlain Phipps Welpac
Lawtex Wolv. Steam Laundry
t.Hecare Intl.
INSURANCE (1)
Allianz Versich.
LEISURE (1)
Insight
MOTORS (1)
Bramall (C. D.)
PROPERTY (1)
Regalian
TEXTILES (1)
Beales (J.)
OILS (1)
Caledonian Offshore

NEW LOWS (118)

AMERICANS (5)
CANADIANS (1)
BREWERS (1)
BUILDINGS (1)
STORES (2)
ELECTRICALS (25)
ENGINEERING (2)
HOTELS (1)
INDUSTRIALS (17)
INSURANCE (2)
LEISURE (2)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (7)
SHOES (1)
TEXTILES (1)
TRUSTS (24)
OILS (10)
OVERSEAS TRADERS (1)
PLANTATION (2)
MINES (10)

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✲ Unlisted Securities Market. § Placing price.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7
July 8	July 19	Oct 10	Oct 21

For rate indications see end of Share Information Service

Money was given for the call of Sound Diffusion, Mnemos, North Kalgurli, Charter Consolidated, Howard Machinery, Combined Technologies, Kwik-Fit, Carpets International, Raybeck, Plessey, Feranti, Dalgety, Wellman, Arthur Bell, Riley Leisure, Sangers, Sears, ICC, Commercial Union, BSR and Whitworth's Food. No doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	91	8
Corpns. Dom. & Foreign Bonds	7	3	66
Industrials	142	580	751
Financial & Props.	24	271	267
Oils	17	41	69
Plantations	0	10	8
Mines	41	30	106
Others	46	76	95
Totals	286	1,082	1,362

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bell (Arthur)	192	+24
Body Shop Intl	690	−45
Exco International	580	−30
GKN	235	+2
Insight	170	+2
Legal and General	743	−11
Reed International	635	−15
TI	268	−8
Taylor Woodrow	412	−36
Tomkins (F. H.)	211	+7
United Scientific	182	−3
Whitbread A	216	−9

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
IBL	22	148	—
Metal Box	21	473	+40
Sound Diffsn	21	67	−25
Beecham	17	350	−28
Debenhams	17	383	−4
Hanson Tst*	17	18pm	—
ICI	16	753	−9
Body Shop Inc	15	735	−55
Brit Telecom	14	184	−5
Pilkington Br.	13	290	+2
Boots	12	187	−6
Brit Aerot	12	198	−5
Burton	12	496	−2
RTZ	12	575	−7

* Nil-paid. † Partly paid.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thurs June 13 1985 — Wed June 12 — Tues June 11 — Mon June 10 — Year ago (approx.)

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 25,182

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

June 13 Total contracts 8,734 Calls 4,648. Puts 4,186

* Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

June 13	Price Sch%	+ or −
Creditanstalt	367	+7
Goesser	525	−1
Interunfall	1,820	+70
Laenderbank	356	+11
Perlmooser	655	+5
Steyr-Daimler	178	+2
Veitscher Mag	612	−1

BELGIUM/LUXEMBOURG

June 13	Price Frs.	+ or −
B.B.L.	2,030	.....
Banq. Int. A. Lux	6,020	.....
Bekaert B.	6,040	.....
Ciment CBR	2,380	+30
Cockerill	229	+1
Delhaize	9,400	−100
EBES	3,005	−10
Electrobel	8,380	.....
Fabrique Nat.	1,980	+5
GB Inno BM	3,640	+10
GBL (Brux)	1,870	−15
Gevaert	3,870	+115
Hoboken	5,510	.....
Intercom	2,215	−45
Kredietbank	8,900	−90
Pan Hldgs.	10,950	.....
Petrofina	5,980	−10
Royale Belge	12,000	.....
Soc. Gen. Banq.	5,500	+50
Soc. Gen. Belge	1,885	−35
Sofina	7,200	−80
Solvay	4,600	+10
Stanwick Intl.	1,500	.....
Tractionel	3,850	−20
UCB	5,300	.....
Wagon Lits	3,420	+20

DENMARK

June 13	Price Knr %	+ or −
Andelsbanken	296	−2
Baltic Skand	660	−10
CopHandelsbank	289	−2
D. Sukkerfab	485	−5
Danske Bank	310	−4
De Danske Luft.	1,105	−40
East Asiatic	235	−2
Forenede Brygg.	890	−45
Forenede Damp.	146	−3
GNT Hldg	400	.....
I.S.S.B.	429	.....
Jyske Bank	646	−10
Novo Ind	1,685	−15
Privatbanken	277	−5
Provinsbanken	345	−3
Smidth (F)	250	−2
Sophus Berend	1,040	−20
Superfos	415	−7

FRANCE

June 13	Price Frs.	+ or −
Emprunt 4½% 1973	1,628	+18
Emprunt 7% 1973	8,232	+2
Accor	270	−6
Air Liquid	669	+14
BIC	550	−9
Bongrain	1,970	.....
Bouygues	805	−16
BSN Gervais	2,528	−72
CIT-Alcatel	1,350	−1
Carrefour	2,150	−1
Club Mediter'n	515xc	−2
Cie Bancaire	665xc	+6
Cofimeg	299	−2
Damart	2,120	−45
Darty	1,388	+8
Dumex S.A.	684	−19
Eaux (Cie Gen)	708	−9
Elf-Aquitane	214	−5
Essilor	2,470	−80
Gen. Occidentale	716	−25
Imetal	114.5	−6.5
Lafarge Coppee	561	−9
L'Oreal	2,631	.....
Legrand	2,275	−10
Maisons Phenix	244	−8
Matra S.A.	1,915	+5
Michelin B.	1,017	−4
Midi (Cie)	2,652	−7
Moet-Hennessy	1,961	−39
Moulinex	88.5	−4.4
Nord Est	90.1	−1.4
Pernod Ricard	775	−21
Perrier	541	−11
Petroles Fra.	250	−5
Peugeot S.A.	408.2	+5.2
Printempt Aus	292	−4
Radiotech	310	−2
Redoute	1,395	.....
Roussel-Uclaf	1,666	−15
Sefimeg	374	−1
Skis Rossignol	1,581xc	−19
Telemech Elect.	2,465	−5
Thomson CSF	517	−20
Valeo	210	−10.1

GERMANY

June 13	Price Dm.	+ or −
AEG-Telef.	131	−5
Allianz Vers	1570xr	−27
BASF	219.3	−4.2
Bayer	228.7	−3.8
Bayer-Hypo	333	−13
Bayer-Verein	378xd	−7
BHF-Bank	315	−3
BMW	414	−7
Brown Boveri	215.7	+5.2
Commerzbank	197.5	−5
Cont'l. Gummi	145.2	−3.3
Daimler-Benz	817	−19
Degussa	345	+4
D'sche Babcock	155	.....
Deutsche Bank	544.5xd	−7.5
Dresdner Bank	221.5xd	−5.7
GHH	156	+0.5
Hochtief	550	−10
Hoechst	223.5xd	−2.5
Hoesch Werke	112	+1
Holzmann (P)	475	−3
Horten	178.5	−1.5
Hussel	283	−11
Karstadt	228.5	−1.5
Kaufhof	240	−2
KHD	257	−4
Kloeckner	71	−0.5
Linde	472	−11
Lufthansa	199	+2
MAN	155	−3
Mannesmann	177.6	−4.4
Mercedes Hld.	714	−13
Metallgesel	263.5	−2.5
Munech Rueck	1,850	+40
Nixdorf	590	−5
Porsche	1370	−22
Preussag	275.5	−3
Rhein West Elect	170	+0.1
Rosenthal	257	−0.2
Schering	477	−1.5
Siemens	568	−7.5
Thyssen	112.5	−0.5
Varta	228	+0.7
Veba	202.5	−4.2
V.E.W.	136.5	−0.5
Verein-West	323	−2
Volkswagen	275.1	−4.8

ITALY

June 13	Price Lira	+ or −
Banco Com'le	21,350	−150
Bastogi-IRBS	225.2	−8.3
B.I-Invest	3,839	−21
Centrale	3,475	+67
Credito Varesino	4,250	−21
Fiat	3,370	−60
Finsider	70.2	.....
Generali Assicur.	49,290	−210
Italcementi	94,300	−1,100
La Rinascente	870	−6
Montedison	1,889	+68
Olivetti	6,750	−49
Pirelli Co.	4,310	−40
Pirelli Spa	2,620	−65
Snia BPD	3,405	−45
Toro Assic.	16,150	−10
do Pref	11,450	−50

NETHERLANDS

June 13	Price Fls	+ or −
ACF Holding	210	−4
AEGON	196.5	−3
Ahold	227.2	−5.5
AKZO	107	−3.3
ABN	447.5	−6.5
AMEV	245.7	−2.3
AMRO	77.6	−1.6
Bredero Cert	170	−2.5
Bos Kalis Westm.	19.7	−0.3
Buehrmann-Tet.	92.7	.....
Calland Hldgs.	35.7	−0.9
Dordtsche Pet'm	168.5	−2
Elsevier NDU	119	−2.5
Fokker	127.8	−0.9
Gist Brocades	186	−1.7
Heineken	148	−1.7
Hoogovens	59.8	−1.8
Int Mueller	48.5	−0.8
KLM	60.6	−1.8
Naarden	47	−1.5
Nat Ned Cert	65.1	−1.1
Ned M'd Bank	185.6	−4.2
Nedlloyd	161.2	−1.8
Oce Grinten	319.5	−4.5
Ommeren (Van)	28.1	−0.6
Pakhoed	61	−1.3
Philips	50.2	−2.3
Robeco	75.1	−0.6
Rodamco	141.1	+0.1
Rolinco	89.2	−0.5
Rorento	46.2	+0.4
Royal Dutch	189.1	−2.4
Unilever	344	−3.8
VMF Stork	194	−2.5
VNU	198.7	−6.5
West Utr Bank	104	−1.6

NORWAY

June 13	Price Kroner	+ or −
Bergens Bank	137	.....
Borregaard	438	−2
Christiania Bank	141	.....
DenNorske Cred	149	−2
Elkem	135.5	+1
Kvaerner	160.5	−4
Norsk Data	350xc	−5
Norsk Hydro	103.5	−2.5
Storebrand	279	−4

SPAIN

June 13	Price Pts%	+ or −
Bco Bilbao	349	.....
Bco Central	323	.....
Bco Exterior	199	.....
Bco Hispano	157	−1
Bco Popular	345	.....
Bco Santander	344	.....
Dragados	150.0	−0.5
Hidrola	81.5	+0.5
Iberduero	92.5	+0.5
Petroleos	146.2	.....
Telefonica	123.2	+0.2

SWEDEN

June 13	Price Kronor	+ or −
AGA	378	.....
Alfa-Laval	189	+3
ASEA (Free)	335	.....
Astra (Free)	392	+7
Atlas Copco	104	−1
Cardo (Free)	255	+1
Cellulosa	116	.....
Electrolux B	251	−1
Ericsson	291	−5
Esselte	385	.....
Mo och Domsjo	152xc	−2
Pharmacia	183	−3
Saab Scania Free	590	+40
Sandvik	365	−5
Skandia	295	.....
Skan Enskilda	48.0	.....
SKF	201	−2
St Kopparbergs	139	−1
Sven Handlesbn	150	.....
Swedish Match	199	+1
Volvo B (Free)	218	+1

SWITZERLAND

June 13	Price Frs.	+ or −
Alusuisse	802	−5
Bank Leu	3,790	+40
Brown Boveri	1,774	+24
Ciba Geigy	3,160	−40
do. (Part Certs)	2,480	−20
Credit Suisse	2,650	+25
Elektrowatt	2,780	−5
Fisher (Geo.)	876	+5
Hoff-Roche PtCts	91,375	−1,125
Hoff-Roche 1/10	9,075	−175
Jacobs Suchard	6,070xr	+20
Jelmoli	2,340	−10
Landis & Gyr	1,825	−5
Nestle	6,180	−50
Oer-Buehrle	1,540	.....
Pirelli	335	−3
Sandoz (Br)	8,350	+25
Sandoz (PtCts)	1,390	−10
Schindler (PtCts)	850	.....
Sika	1,350	.....
Surveillance	4,600	.....
Swissair	1,175	−5
Swiss Bank	408	.....
Swiss Reinsce	11,700	−100
Swiss Volksbk	1,660	.....
Union Bank	3,975	+15
Winterthur	4,100	−100
Zurich Ins.	24,960	−50

AUSTRALIA

June 13	Price Aust $	+ or −
ANZ Group	4.44	−0.08
Alliance Oil Dev.	1.15	.....
Ampol Pet	1.8	−0.05
Ashton	0.98	.....
Aust. Cons. Ind.	2.44	−0.04
Aust. Guarantee	2.35	.....
Aust. Nat. Inds	2.4	+0.05
APM	2.72	.....
Bell Group	6.9	−0.1
Bell Res.	6.8	.....
Bond Corp Hldgs	1.18	−0.08
Boral	3.28	−0.02
Bougainville	2.0	−0.02
Brambles Inds	3.67	.....
Bridge Oil	2.27	−0.08
B.H. Prop.	6.14	−0.04
CRA	6.8	−0.14
CSR	2.65	−0.08
Castlemaine Tys	6.02	+0.22
Coles (G.J.)	3.65	.....
Comalco "A"	2.00	−0.07
Consolidated Pet	0.39	.....
Costain Aust.	1.55	.....
Dunlop Olympic	2.16	−0.02
Elders IXL	2.88	−0.02
Energ Res.	1.50	.....

AUSTRALIA (continued)

June 13	Price Aust.$	+ or −
Gen. Pro. Trust	2.23	+0.01
Hardie (James)	3.14	.....
Hartogen Energy	2.90	−0.05
Herald W'y Times	4.3	.....
ICI Aust.	1.88	.....
Jimberlana F.P.	0.3	.....
Kia Ora Gold	0.15	.....
Lend Lease	6.76	.....
MIM	2.74	−0.04
Mayne Nickless	2.95	−0.05
Myer Emporium	1.97	+0.01
Nat. Aust. Bank	4.22	−0.08
News	7.4xc	.....
Nicholas Kiwi	1.75	+0.05
North Bkn Hill	2.23	−0.05
Oakbridge	0.89	+0.01
Pancont'l	1.52	−0.05
Pioneer Conc.	1.73	−0.05
Poseidon	3.6	−0.1
Queensland Coal	1.53	+0.06
Reckitt & Coln.	3.55	.....
Repco	1.19	−0.01
Santos	5.46	−0.1
Smith (Howard)	4.7	.....
Thos. Natwide	1.88	+0.02
Tooth	5.8	.....
Vamgas	3.95	−0.05
Western Mining	3.7	−0.1
Westpac Bank	4.12	−0.08
Woodside Petrol	1.45	−0.02
Woolworths	2.72	−0.01
Wormald Intl.	3.6	−0.1

HONG KONG

June 13	Price H.K.$	+ or −
Bank East Asia	22.4	−0.6
Cheung Kong	15.3	−0.3
China Light	14.8	−0.2
Evergo	1.01	−0.02
Hang Seng Bank	46.0	−0.5
HK Electric	7.7	−0.15
HK Kowloon Wh.	5.8	−0.2
HK Land	3.35	.....
HK Shanghai Bk.	7.45	−0.15
HK Telephone	93.5	−2
Hutchinson Wpa	23.3	+0.2
Jardine Math.	10.9	−0.1
New World Dev.	6.5	−0.1
Orient O'seas	2.1	−0.02
Oseas Trust Bk.	3.15	.....
SHK Props	10.8	−0.1
Shell Elect.	1.25	.....
Swire Pac A	21.2	−0.1
TV—B	6.8	.....
Wheel'k Mard A.	7.25	.....
Wheel'k M'time	1.10	.....
World Int. Hldns.	1.82	−0.05

JAPAN

June 13	Price Yen	+ or −
Ajinomoto	1,120	−30
Alps Electric	1,660	+10
Amada	975	−7
Asahi Chem	990	−10
Asahi Glass	898	−12
Bridgestone	548	+15
Canon	1,140	−20
Casio Comp.	1,630	+20
Chugai Pharm.	1,080	−20
Citizen	446	.....
Daiei	736	−7
Dai Nippon Ptg	1,170	.....
Daiwa House	662	+1
Ebara	425	−1
Eisai	1,330	−50
Fanuc	7810xc	−120
Fuji Bank	1,620	+10
Fuji Film	1,810	−20
Fujisawa	956	+8
Fujitsu	1,030	−40
Green Cross	2,400	−60
Hasegawa	470	+10
Heiwa Real Est.	925	.....
Hitachi	725	−10
Hitachi Credit	1,160	−10
Honda	1,320	+10
House Food	763	−2
Hoya	1,930	−10
Itoh (C)	425	−5
Ito. Yokado	2,570	.....
Iwatsu	869	−31
JACCS	350	.....
JAL	7,850	−40
Jusco	640	−10
Kajima	321	+1
Kao Soap	841	+1
Kashiyama	700	.....
Kirin	705	−2
Kokuyo	1010	−30
Komatsu	482	+14
Konishiroku	697	−13
Kubota	342	+5
Kumagai	624	−6
Kyoto	4,300	−80
Maeda Const.	600	−5
Muskino Milling	1,010	+10
Myakita	1,030	+30
Marubeni	333	−5
Marudai	670	−14
Marui	1,230	−20
MEI	1,430	−10
M'ta Elec Works	790	−3
M'bishi Bank	1,600	.....
M'bishi	662	+1
M'bishi E ect	390	.....
M'b shi Estate	790	+6

JAPAN (continued)

June 13	Price Yen	+ or −
MHI	325	+1
Mitsui	355	−3
Mitsui Estate	823	+13
Mitsukoshi	593	+19
NGK Insulators	823	+10
Nihon Cement	292	−2
Nippon Denso	1,280	−10
Nippon Elect	1,050	.....
Nippon Express	445	+12
Nippon Gakki	1,400	−70
Nippon Kokan	145	+5
Nippon Oil	868	+15
Nippon Seiko	520	.....
Nippon Shimpan	678	+8
Nippon Steel	165	+4
Nippon Suisan	358	−3
NTV	11,990	−20
Nippon Yusen	305	−7
Nissan Motor	630	+5
Nisshin Flour	515	−10
Nisshin Steel	177	+2
Nomura	1,170	−10
Olympus	1,190	+10
Orient Leasing	3,140	+40
Pioneer	1,860	−40
Renown	737	+7
Ricoh	940	−10
Sankyo	1,310	−50
Sanyo Elect.	412	−3
Sapporo	469	+4
Sekisui Prefab	709	+13
Seven-Eleven	8,350	−50
Sharp	896	.....
Shimadzu	757	+23
Shionogi	875	+15
Shiseido	1,140	+10
Sony	4,060	−80
Stanley	835	+10
S'tomo Bank	1,870	−10
S'tomo Elect.	794	+4
S'tomo Marine	711	+1
S'tomo Metal	155	+2
Taihei Dengyo	507	+2
Taisei Corp.	253	+3
Taisho Pharm.	1,200	+30
Takeda	870	+5
TDK	4,770	+20
Teijin	447	−6
Teikoku	768	−14
Tokio Marine	911	−9
TBS	932	−5
Tokyo Elect Pwr	2,090	.....
Tokyo Gas	226	−4
Tokyo Sanyo	679	−31
Tokyo Style	940	−30
Tokyu Corp	480	+5
Toppan Print	869	−1
Toray	460	.....
Toshiba Elect	362	−10
TOTO	725	.....
Toyo Seikan	1,040	.....
Toyota Motor	1,240	+30
Victor	1,800	−30
Wacoal	700	−8
Yamaha	705	−8
Yamanouchi	2,890	+110
Yamazaki	835	+1
Yasuda Fire	543	−6
Yokogawa Bdge.	501	−14

SINGAPORE

June 13	Price $	+ or −
Boustead Hldgs.	1.61	−0.03
Cold Storage	2.48	−0.01
DBS	6.0	.....
Genting	6.1	−0.1
Haw Par. Bros.	2.19	−0.05
Hong Leong Fin.	2.88	−0.03
Inchcape Bhd.	2.36	−0.02
Keppel Shipyard	1.59	−0.01
Malay Banking	6.8	−0.1
Malay Utd. Ind	2.37	−0.03
Multi Purpose	0.86	.....
OCBC	9.0	.....
OUB	3.12	−0.02
Public Bank	1.45	.....
Sime Darby	1.95	−0.02
Singapore Press	5.95	−0.1
Straits Trdg.	4.42	.....
Tat Lee Bk	2.74	.....
UOB	4.08	−0.04

SOUTH AFRICA

June 13	Price Rand	+ or −
Abercom	1.60	.....
AE&CI	7.85	−0.15
Allied Tech	58.0	.....
Anglo Am Coal	50.0	.....
Anglo Am Corp	28.35	−0.05
Anglo Am Gold	170	.....
Barclays Bank	18.9	.....
Barlow Rand	13	.....
Buffels	72.5	−0.05
CNA Gallo	2.95	.....
Currie Finance	4.25	.....
De Beers	10.25	+0.05
Driefontein	47.25	.....
FS Geduld	47.75	.....
Gold Fields SA	50.75	−0.25
Highveld Steel	4.50	−0.05
Nedbank	13.8	+0.4
OK Bazaars	16.15	+0.15
Protea Hldgs	2.3	.....
Rembrandt	38.0	−0.25
Rust Plat	15.2	+0.1
Safren	16.80	.....
Sage Hldgs	10	.....
SA Brews	7.95	0.05
Smith (AG)	27.25	.....
Tongaat Hulet	6.8	.....
Unisec	5.3	.....

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm June 13

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices June 12

Sales	Stock	High	Low	Close	Chng
22375	Bank Mont	$29⅛	29⅝	29¼	−⅛
2585	ConBath	$16¼	16	16¼	−¼
525	DomTxtA	$10	10	10	
625	MntTrst	$16⅛	16	16	−⅛
36070	NatBk Cda	$20⅛	19⅞	19⅞	−⅛
2900	Power Corp	$27⅛	27	27	
2900	RollandA	$19¾	19¾	19¾	+⅛
9054	Royal Bank	$30	30	30¼	+⅛
1193	RoyTrsco	$21¼	21⅛	21¼	+¼
1450	SteinbrgA	$40½	40⅛	40½	+¼

Total Sales 1,392,256 shares

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 39

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

W W

Stock		Sales (Hnds)	High	Low	Last	Chng
WD 40	.88	123	21¼	21	21	
WalbCs	24	21	12¼	11¾	11¾	−⅛
WkrTel		124	7¼	7⅛	7⅛	−⅛
WshE	1.76	127	22½	22¼	22½	+⅛
WFSLs	80b	26	33½	33¼	33½	+⅛
WMSB		2848	14½	14	14½	+½
Wavetk		44	7¼	7	7	−¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Bell (A)	192	+24
Caledonian Off	645	+75
Energy Capital	54	+18
Lawtex	80	+7
Meridian Oil	17	+5½
Resource Tech	50	+4
Tomkins (FH)	211	+7
Waverley Cam	163	+10
Wolverhampton	47	+4

FALLS

A.B. Elect	295	−30
Amersham Int	343	−12
Argyll Group	308	−12
Atlantic Comp	310	−30
Bassett Foods	173	−10
Beecham	338	−12
Body Shop Int	690	−45
Bowater Ind	272	−12
Burton	482	−14
Costain	400	−8
Etam	184	−10
Freemans	224	−12
Geers Gross	52	−10
Ibstock John	148	−10
Memec	285	−35
Philips Lamps	£11⅝	−½
Pineapple	33	−5
Poseidon	180	−15
Taylor Wood	412	−36
Whitbread A	216	−9

Indices

NEW YORK—DOW JONES

	June 13	June 12	June 11	June 10	June 7	June 6	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,298.72*	1,308.34	1,313.84	1,316.44	1,318.42	1,327.28	1327.28 (6/6)	1184.96 (4/1)	1327.28 (6/6/85)	41.22 (2/7/32)
Transport	835.77*	842.21	851.33	853.78	853.45	859.83	859.83 (6/6)	563.83 (4/1)	859.83 (6/6/85)	12.32 (8/7/32)
Utilities	163.18*	163.78	163.73	163.87	163.88	163.98	164.75 (17/5)	146.54 (4/1)	164.75 (17/5/85)	10.5 (28/4/42)
Trading vol		97.7m	102m	87.9m	88.8m	117.1m	—	—	—	—

	June 7	May 31	May 24	Year Ago (Approx)
Ind Div Yield %	4.56	4.65	4.70	4.98

STANDARD AND POORS

	June 13	June 12	June 11	June 10	June 7	June 6	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	205.05*	207.19	208.88	208.37	208.38	211.13	211.13 (6/6)	128.24 (4/1)	211.13 (6/6/85)	3.62 (30/6/32)
Composite	188.86*	187.81	188.84	189.51	189.83	191.06	191.06 (6/6)	163.68 (4/1)	191.06 (6/6/85)	4.40 (1/6/32)

	June 5	May 29	May 22	Year Ago (Approx)
Ind div yield %	3.71	3.78	3.74	4.18
Ind. P/E Ratio	11.70	11.58	11.64	10.98
Long Gov Bond Yield	10.65	10.58	10.75	13.44

N.Y.S.E. ALL COMMON

June 13	June 12	June 11	June 10	1985 High	1985 Low
108.35*	108.87	108.58	108.83	110.60 (6/6)	108.43 (4/1)

RISES AND FALLS

	June 12	June 11	June 10
Issues traded	2,023	2,024	2,005
Rises	617	732	633
Falls	958	813	908
Unchanged	447	479	472

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Sperry CP	3,834,900	56⅝	−⅛	Nabisco	1,579,300	81⅛	[illegible]
IBM	3,257,800	119	−1⅜	ATT	1,278,800	23⅛	−⅛
Det Ed	1,584,900	17⅛	−⅛	Beatrice	1,218,700	18	−⅛

Advances 625 Declines 863

TORONTO

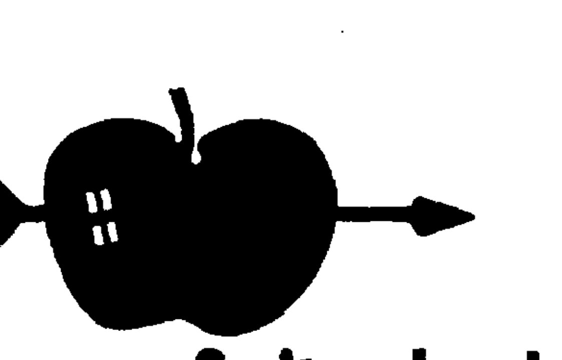
	June 13	June 12	June 11	June 10	1985 High	1985 Low
Metals & Minls	1,895.3*	1,896.8	1,928.8	1,936.8	2106.7 (13/2)	1866.8 (4/1)
Composite	2,706.0*	2,709.1	2,717.2	2,723.5	2786.1 (5/6)	2349.5 (8/1)
MONTREAL Portfolio	132.62*	132.78	132.98	133.48	135.56 (5/6)	117.80 (4/1)

* Indicates pre-close figure

	June 13	June 12	June 11	June 10	1985 High	1985 Low
AUSTRALIA All ord. (1/1/80)	847.8	854.8	856.9	(c)	864.5 (28/5)	716.5 (7/1)
Metals & Minls. (1/1/80)	498.7	508.3	511.8	(c)	583.8 (29/5)	382.5 (7/1)
AUSTRIA Credit Aktien (2/1/62)	103.44	102.75	101.60	100.48	102.75 (12/6)	85.21 (24/1)
BELGIUM Brussels SE (1/1/80)	2340.27	2338.45	2349.48	2388.78	2384.12 (5/6)	2098.7 (18/1)
DENMARK Copenhagen SE (3/1/83)	(u)	192.54	193.56	195.18	195.56 (11/6)	168.44 (8/1)
FRANCE CAC General (31/12/82)	226.7	229.4	230.3	230.7	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	127.6	128.9	129.3	129.8	130.4 (31/5)	100.1 (3/1)
GERMANY FAZ Aktien (31/12/58)	464.84	470.28	464.68	459.86	470.28 (12/6)	382.38 (3/1)
Commerzbank (1/12/53)	1576.9	1588.5	1569.9	1556.6	1588.5 (12/6)	1111.8 (3/1)
HONG KONG Hang Seng Bank (31/7/64)	1482.91	1502.94	1492.15	1571.87	1647.66 (17/5)	1220.74 (2/1)
ITALY Banca Comm Ital. (1972)	322.35	323.91	325.54	314.30	325.34 (11/6)	228.56 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	12716.8	12748.0	12758.9	12683.3	12790.3 (30/5)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1008.76	1009.42	1008.85	1004.90	1009.42 (12/6)	916.93 (4/1)
NETHERLANDS ANP-CBS General (1970)	208.7	211.6	215.6	215.4	214.5 (7/6)	186.6 (3/1)
ANP-CBS Indust (1970)	175.9	176.8	178.6	177.9	178.9 (11/6)	147.9 (3/1)
NORWAY Oslo SE (4/1/83)	335.27	338.51	340.62	341.48	345.97 (3/6)	288.18 (2/1)
SINGAPORE Straits Times (1966)	784.85	781.32	797.97	805.21	852.65 (7/6)	764.58 (16/1)
SOUTH AFRICA JSE Gold (28/9/78)	—	966.8	963.8	945.9	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	962.0	960.8	982.2	973.6 (24/5)	767.1 (7/3)
SPAIN Madrid SE (28/12/84)	108.13	108.25	109.68	110.14	117.41 (4/2)	101.48 (2/1)
SWEDEN Jacobson & P (1/1/58)	1538.78	1545.48	1551.14	1548.56	1498.98 (11/2)	1538.78 (13/6)
SWITZERLAND SwissBank Cpn. (31/12/58)	435.7	437.6	435.4	435.5	438.4 (7/6)	388.7 (3/1)
WORLD Capital Intl. (1/1/70)	—	211.2	212.2	212.1	214.3 (7/6)	184.5 (4/1)

** Saturday June 8: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.



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Prices at 3pm, June 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.6	14	45	19	18⅝	18⅝	−⅜
16½	9⅜	AGS			12	135	14⅝	14¼	14⅜	+⅛
16⅝	9⅝	AMCA				16	10⅝	10½	10⅝	
21½	13¾	AMF	.50	2.5	61	388	20⅛	19½	20⅛	+⅜
48⅛	24¼	AMR			10	3172	44½	43¾	43¾	−1⅜
22⅞	18⅝	AMR pf	2.18	10.		x14	22	21⅞	21⅞	−⅛
25⅞	22⅞	ANR pf	2.67	11.		156	23¾	23⅝	23⅝	−½
14¼	7¾	APL				3	9	8⅞	9	+⅛
62⅝	44⅝	ASA		24.1		261	49¼	49⅛	49⅛	
27	14	AVX	.32	2.5	10	496	13¾	d13	13	−1
28¼	16	AZP	2.72	10.	8	1070	26⅛	26	26	−⅛
57¼	36¾	AbtLab	1.40	2.6	16	1850	55⅜	54¼	54⅝	−½
25⅞	17⅝	AccoWd	.44	1.9	17	70	22⅝	22⅝	22⅝	+⅛
24¾	12½	AcmeC	.40	2.8		38	14½	14⅝	14⅝	−⅜
10½	7⅝	AcmeE	.32b	4.0	10	3	8	8	8	
17½	15	AdaEx	1.92e	11.		52	17⅛	16⅞	17	−⅛
20	11⅞	AdmMl	.32	2.1	6	43	15⅝	15⅛	15⅛	−⅜
19½	8⅝	AdvSys	.53t	5.0	17	114	10¾	10⅝	10⅝	−⅛
41⅞	24⅛	AMD			11	7893	26	24⅝	24⅝	−1⅜
12¾	6⅞	Advest	.12	1.4		53	8¾	8⅝	8⅝	−⅛
14⅝	9	Aerflex			12	61	12¾	12⅝	12⅝	−⅛
47	27¼	AetnLf	2.64	5.9	33	1439	45⅛	44⅝	44⅞	−¼
57¾	52⅝	AetL pf	5.79e	11.		15	54⅝	54⅝	54⅝	+⅛
37⅝	17⅞	Ahmns	1.20	3.5	14	508	34½	34	34½	+⅜
3⅝	2½	Aileen				14	3	2⅞	3	+⅛
54	36⅝	AirPrd	1.20	2.3	12	186	53	52¾	52¾	−⅛
24⅜	13	AirbFrt	.60	3.0	11	43	20¼	20	20⅛	+⅛
2	1	AlMoa s				40	1¾	1⅝	1¾	+⅛
27⅝	21	AlaP pf	2.92e	11.		358	u27¾	27½	27½	+⅛
33⅜	26¾	AlaP pfA	3.92	12.		20	32	31¾	31¾	−⅛
8	6¼	AlaP dpf	.87	11.		4	7⅞	7⅞	7⅞	+⅛
79¾	61½	AlaP pf	9	11.		z20	79	79	79	

Continued on Page 39

NYSE COMPOSITE PRICES

Prices at 3pm, June 13

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
34½	22½	SallieM .16		.5	14	1227	30⅞	29¾	29¾	−1⅛
54	50⅞	SallM pf3.99e		7.7		100	52	52	52	
28⅜	17⅝	SDieGs2.24		8.0	9	2893	28⅛	27¾	28	+¼
9¾	6¾	SJuanB89e		9.2	11	266	9¾	9⅝	9⅝	
11¼	8½	SJuanR			24	14	11⅛	11⅛	11⅛	−⅛
51	31	Sandr .56		1.6	15	257	35	34½	34½	−½
25⅜	18¾	SAnitRt1.94		7.8	13	65	25⅛	24⅞	24⅞	−⅛
31¼	20⅜	SFeSoP 1		3.4	12	4821	29½	28⅝	29	+¼
43½	28	SaraLee1.44		3.6	11	272	40¾	40⅛	40⅛	−½
34¼	26½	SgtWel 1.40		4.4	15	13	32	31⅞	32	+¼
18½	14½	SaulRE .20		1.2	43	11	16⅝	16½	16⅝	+⅛
22¼	15	SavEIP1.60		7.5	8	58	21⅜	21	21⅜	+⅜
9⅛	4¾	Savin				250	7½	7⅛	7¼	−⅛
13¼	9¼	Savin pf1.50		12.		5	12½	12½	12½	−¼
28	17⅞	SCANA2.16		8.1	9	153	27	26¾	26¾	−⅛
17¾	15⅛	Twid pf1.90		11.		26	17¼	17⅛	17⅛	−¼
56	25	Zayre s .48		.9	17	180	54¼			
30	18⅞	ZenithE			6	1673	20½			
21⅞	15	Zero s .32		1.8	15	98	18⅜			
35¼	22	Zurnin 1.32		3.9	12	73	34½			

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 37

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FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Nervousness builds on bid action

A WAVE of nervousness swept through trading on Wall Street yesterday following significant takeover development in the technology and airline sectors, *writes Terry Byland in New York.*

Signs of a flight to quality in credit markets and mixed interpretations of the latest retail sales figures compounded the uncertainty as investors lifted selling pressure near mid-session.

During the morning the share market struggled to hold its ground but losses held a clear advantage over gains later as the caution took grip.

At 3pm the Dow Jones industrial average was 10.31 lower at 1,296.03.

In the credit market, a sharp fall in T-bill yields and a rise in CD rates reflected nervousness over a downgrading of debt issues of BankAmerica by Keefe, Bruyette Woods, a brokerage firm respected for its banking expertise. Bank America stock dipped $¾ to $19 after confirming the downgrading. Federal Bonds abandoned early gains to show losses of half a point, despite predictions from Dr Henry Kaufman of Salomon Bros that cuts in bank prime rates are in the offing.

The proposed $5.7bn merger of Burroughs and Sperry appeared to be a further indication of the competitive pressures in a computer sector already alarmed by IBM's warning of lower earnings this year.

Both stocks made a delayed start as investors pondered the implications of the merger plan. Sperry, regarded as a weak member of the industry, has long been a bid target, and Wall Street had reservations about Burroughs' wisdom.

At $56¼, Burroughs later traded $3¼ *down on overnight*, while Sperry at $56⅞ was $⅛ firmer. Turnover in Sperry was very heavy, confirming the presence of the bid arbitrageurs.

The rest of the technology sector was in poor shape as it digested IBM's unpalatable news. The first deal in IBM was a 600,000 share block traded at $119⅝, down $1⅛ from overnight. Later, IBM steadied to $119¾ after several brokerage analysts recommended the stock on a long-term basis, while agreeing that immediate prospects were less favourable.

Honeywell plunged $1½ to $58⅛, and Digital Equipment by $1⅛ to $92⅞ in heavy trading. Control Data lost a further $1⅛ to $26⅛.

Auto, chemical and drug stocks showed small losses throughout the range as investors kept away from equities. McDonnell Douglas, $¼ higher at $79 was a lone firm spot among defence and aerospace issues. But there were some steady features among heavy industrials, including Deere, $¼ up at $29⅜.

Stock in TWA, suspended at the overnight price of $19⅝ ahead of the board's announcement which was expected to substantiate market belief that Texas Air will offer $793.5m, or $23 a share, reopened at $20 up $⅜.

United Air, apparently removed from the takeover list by its recapture of pension funds, eased $1 to $54½ despite the tentative settlement of the pilots' dispute. The settlement hurt other domestic carriers, who gained traffic during the strike – American Air dropped $¾ to $44 and Delta $⅞ to $47⅞. At $6, Pan American dipped $⅛ in brisk trading.

The longer standing takeover features in the market were overshadowed by yesterday's special factors. Grumman, the Long Island defence/aerospace firm lately tipped for a takeover, eased $⅝ to $31⅜. Warner Communications, also back in the limelight because of the dispute between the board and Chris-Craft, the major stockholder, was $¼ off at $29½.

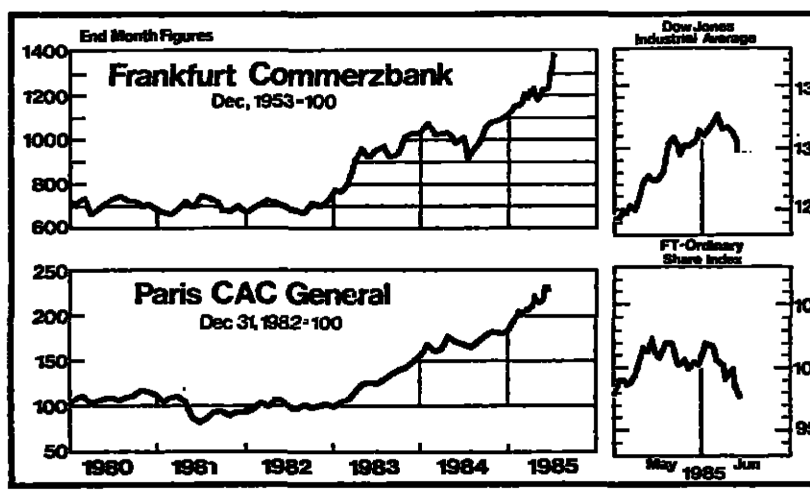
The retail sector, long out of favour on Wall Street, made little response to federal data showing a modest fall in May retail sales. Sears shed $¼ to $37½ and May Department Stores $⅝ to $54⅝.

In the banking sector, stocks gave ground across a broad front. The BankAmerica stock, which has already taken punishment in the equity market, attracted heavy trade. Manufacturers Hanover at $38¼ shed $½, while Bankers Trust fell $½ to $71¼ and Chase Manhattan $⅞ to $58.

In the credit market, three-month Treasury Bill rates fell by 17 basis points to 6.90 per cent as nervous investors hurried to put cash into safe federal paper. In the commercial sector, near-dated CD rates were eight basis points up as investors shied away.

Dr Kaufman's suggestion of impending prime rate cuts fell on deaf ears in the bond market, where prices turned down as the T-Bond futures contract plunged. Although helped above its worst levels by a dip in federal funds to 7¼ per cent. The key long-bond still showed a fall of a quarter of a point at mid-session.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	June 13	Previous	Year ago
DJ Industrials	1,296.03*	1,306.34	1,110.53
DJ Transport	633.31*	642.21	465.12
DJ Utilities	163.37*	163.78	123.22
S&P Composite	185.45*	187.61	152.13
LONDON			
FT Ord	977.0	984.0	816.2
FT-SE 100	1,278.9	1,291.4	1,064.7
FT-A All-share	619.54	625.39	489.43
FT-A 500	676.79	683.07	533.91
FT Gold mines	429.6	426.6	684.7
FT-A Long gilt	10.67	10.64	10.79
TOKYO			
Nikkei-Dow	12,716.87	12,748.01	10,275.90
Tokyo SE	1,008.70	1,009.40	791.95
AUSTRALIA			
All Ord.	847.0	854.6	662.3
Metals & Mins.	498.7	509.3	437.5
AUSTRIA			
Credit Aktien	103.44	102.75	54.31
BELGIUM			
Belgian SE	2,340.27	2,336.45	—
CANADA			
Toronto			
Metals & Minls	1,896.3*	1,906.0	1,927.0
Composite	2,706.0*	2,709.1	2,242.5
Montreal			
Portfolio	132.62*	132.78	108.95
DENMARK			
SE	n/a	192.54	181.64
FRANCE			
CAC Gen	226.7	229.4	169.6
Ind. Tendance	127.0	128.9	87.4
WEST GERMANY			
FAZ-Aktien	464.94	470.28	344.99
Commerzbank	1,370.9	1,388.3	1,001.1
HONG KONG			
Hang Seng	1,482.91	1,502.94	961.22
ITALY			
Banca Comm.	322.35	323.91	201.4
NETHERLANDS			
ANP-CBS Gen	208.7	211.8	154.4
ANP-CBS Ind	173.9	176.9	122.3
NORWAY			
Oslo SE	335.27	338.51	254.92
SINGAPORE			
Straits Times	784.85	791.32	922.7
SOUTH AFRICA			
JSE Golds	–	966.3	996.1
JSE Industrials	–	962.0	959.2
SPAIN			
Madrid SE	109.13	109.25	87.1
SWEDEN			
J & P	1,338.76	1,345.46	1,428.68
SWITZERLAND			
Swiss Bank Ind	435.7	437.6	359.4
WORLD	June 11	Prev	Year ago
Capital Int'l	211.2	212.2	176.5

GOLD (per ounce)

	June 13	Prev
London	$314.00	$314.25
Zürich	$314.15	$315.00
Paris (fixing)	$312.48	$313.42
Luxembourg	$314.00	$314.00
New York (Aug)	$317.40*	$316.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR June 13	U.S. DOLLAR Previous	STERLING June 13	STERLING Previous
$	–	–	1.2645	1.2675
DM	3.0995	3.089	3.9175	3.915
Yen	249.8	249.8	316.0	316.75
FFr	9.4425	9.41	11.935	11.92
SwFr	2.6095	2.5985	3.3	3.295
Guilder	3.488	3.482	4.4125	4.3125
Lira	1,970.0	1,960.5	2,492.0	2,485.0
BFr	62.35	62.15	78.9	78.8
C$	1.3725	1.3698	1.735	1.733

INTEREST RATES

	June 13	Prev
Euro-currencies (3-month offered rate)		
£	12 9/16	12½
SwFr	5 5/16	5 7/16
DM	5⅝	5⅝
FFr	10⅝	10⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	7 13/16	7 11/16
6-month U.S.$	8 1/16	7⅞
U.S. Fed Funds	7¼*	7¾
U.S. 3-month CDs	7.35*	7.30
U.S. 3-month T-bills	6.91*	7.055

U.S BONDS

Treasury	June 13* Price	June 13* Yield	Prev Price	Prev Yield
9¼ 1987	100 22/32	8.74	100 22/32	8.75
11¾ 1992	108 25/32	10.09	108 9/32	10.05
11¼ 1995	106 14/32	11.20	107 22/32	10.15
11¼ 2015	106 24/32	10.50	107 9/32	10.45
Corporate	June 13*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	101⅜	10	101⅜	10
3⅞ July 1990	81.00	8.60	81.00	8.60
8⅜ May 2000	84½	10.90	84½	10.90
Xerox				
10⅞ March 1993	100⅝	10.55	100⅝	10.55
Diamond Shamrock				
10⅝ May 1993	100	10.65	100	10.65
Federated Dept Stores				
10⅝ May 2013	94⅝	11.25	94⅝	11.25
Abbot Lab				
11.80 Feb 2013	105⅛	11.20	105⅛	11.20
Alcoa				
12¼ Dec 2012	104⅛	11.75	104⅛	11.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	77–28	78–20	77–22	78–09
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.84	92.92	92.71	92.77
Certificates of Deposit (IMM) *$1m points of 100%*				
June	92.55	92.60	92.52	92.60
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.92	92.10	91.78	91.93
20-year Notional Gilt £50,000 32nds of 100%				
June	106–06	106–03	105–29	106–09

COMMODITIES

(London)	June 13	Prev
Silver (spot fixing)	487.75p	485.80p
Copper (cash)	£1,132.00	£1,127.50
Coffee (July)	£2,110.50	£2,080.00
Oil (spot Arabian light)	$26.725	$26.425

LONDON

Cash calls too much to digest

THE BELIEF that UK interest rates will remain high for some time combined with the overnight setback on Wall Street to dampen enthusiasm in London.

The continuous stream of funding – Abbey Life's offer for sale was hugely oversubscribed and Taylor Woodrow announced a £42.3m net rights issue – proved too much for the market to digest on the day before the current account.

Blue-chip industrials attempted a half-hearted rally at one stage but the tone deteriorated again in the late afternoon. The FT Ordinary share index closed at its lowest of the day with a fall of 7 to 977.0.

Gilts passed another relatively quiet session, moving easier for most of the day. Long-dated issues settled ⅛ lower and falls in the shorts were limited to 3/16.

Demand revived for index-linked issues which enabled the Government broker to issue the remaining supplies of Treasury 2 per cent 1990 at 98⅝.

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34–35

AUSTRALIA

A COMBINATION of lower commodity prices and concern over balance of payments figures left Sydney sharply lower. Foreign buyers, worried about the fluctuating local currency, were noticeably absent from the market.

James Hardie, which reported higher profits for the year to March 1985 and and unchanged dividend, remained steady at A$3.14.

The proposal by Elders IXL to form a resource company left the issue 2 cents easier at A$2.88 after gaining 4 cents in early trading.

SINGAPORE

DESPITE a steadier opening, Singapore turned lower for the third consecutive session. The Straits Times industrial index, which shed another 6.47 to 784.85, has lost 18 points since Monday.

Stocks associated with businessman and politician Tan Koon Swan, rumoured to be exposed to Hong Kong's rescued OTB, steadied slightly. Supreme Corp lost another 4 cents to S$1.36, Grand United slipped 1 cent to S$1.25 and Multipurpose ended unchanged at 86 cents.

SOUTH AFRICA

BUYING INTEREST was renewed late in Johannesburg and most shares came up from their earlier lows.

Vaal Reefs, which dropped to R172.50 during the day, returned to end R2 easier at R174. Buffels shed 5 cents to R72.50 while Driefontein was unchanged at R47.25.

In banks, Nedbank gained 40 cents to R4.50 and Barclays remained at R18.90.

Industrials and platinums ended mixed

CANADA

LOSSES on Wall Street pulled Toronto lower in moderate trading.

Bank of Nova Scotia, topping the actives list, moved C$⅛ lower to C$13⅞ and Bank of British Columbia eased C$⅛ to C$5⅛.

Among other actives, Canadian Tire rose C$¼ to C$10¼, International Thomson was C$⅛ lower at C$9⅞ and Dome Petroleum added 2 cents to C$2.84.

Utilities traded lower in Montreal, while some firmness was seen in banking and industrial issues.

EUROPE

Domestic selling dominates

WEAKNESS crept into trading on European bourses yesterday with Frankfurt singled out for the heaviest selling as caution was expressed in a burst of profit-taking.

Following two days of confident trading in West German stocks, which boosted the Commerzbank index 31.7 during the two previous sessions, investors chose the moment to recoup their advantage.

The profit-taking clipped 17.4 from the index to leave it at 1,370.9. However, this is still 13 per cent above the level at the beginning of May.

The departure of international investors, who have been behind much of this week's activity, left the way open for domestic selling, which was concentrated on automotive and banking issues.

Daimler-Benz experienced a marginal firming towards the close of business but remained DM 10 lower at DM 817, while Volkswagen closed at its low for the day of DM 275.10, off DM 4.80. BMW lost DM 7 to DM 414.00 and Porsche DM 20 to DM 1,270.

Commerzbank was the heaviest sold banking issue, closing down DM 6 to DM 197.50, followed by Deutsche Bank off DM 8 to DM 544.50

Chemicals were restrained in comparison but were still under pressure. Hoechst dropped DM 2.50 to DM 221, BASF was down DM 4.20 at a low for the day of DM 218.30 and Bayer eased DM 3.80 to DM 228.70.

Bond prices drifted lower during thin trading in which foreign investors made little impact.

The absence in Paris of international support also left the market exposed to pressure from domestic selling, in response to the recent strong rise.

Foreign dealers became sellers late in the session, discouraged by the French franc's firmness.

The weakness of Wall Street also sponsored selling.

L'Air Liquide's strong annual profit and planned scrip issue moved the stock against the market's flow and it closed FFr 14 higher at FFr 669.

Bouygues, which has featured during buoyant trading among construction groups, came under the weight of selling to close FFr 16 down at FFr 805, while Lafarge-Coppé fell FFr 9 to FFr 561.

Amsterdam continued to fall, although trading was light as investors awaited news on U.S. economic trends.

Philips was again sold after news of expected lower earnings from North American Philips, closing Fl 1.50 lower at Fl 51.00.

Pressure on *international* oil prices further depressed trading in Royal Dutch/Shell and it finished off Fl 2.40 at Fl 189.10.

The two-for-one share split by Aegon, which becomes effective today, failed to stabilise the group's share price and it fell another Fl 2 to Fl 197.50

Shares in **Brussels** edged higher, with movements small and turnover light.

Petrofina was the exception and closed BFr 10 down at BFr 5,980 on doubts about continued production from a platform in the North Sea field in which it has a 30 per cent stake.

Chemical stocks were mixed. UCB held its ground to close unchanged at BFr 5,300 despite a forecast of lower earnings for the first half, while Solvay edged BFr 10 higher to BFr 4,600

An easier tone devloped in **Zurich**, also under the influence of Wall Street.

Among leaders, Ciba-Geigy fell SwFr 40 to SwFr 3,160, Nestlé SwFr 50 to SwFr 6,180 and Hoffmann-La Roche SwFr 100 to SwFr 9,125.

Marginal declines were seen in **Madrid** and **Milan** in light trading.

Stockholm was again back-peddling, although turnover was slightly higher. The Veckans Affarer index dropped 1.8 to 457.5.

TOKYO

Blue chips lead the way down

STRONG INTEREST in large-capital stocks continued in Tokyo yesterday, but share prices closed lower for the second consecutive trading day, with blue chips and biotechnology-related stocks leading the downswing, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average dropped 30.85 points from the previous day to 12,717.16. Declines outnumbered advances by 442 to 360, with 132 issues unchanged. Trading was still active at 592.67m shares compared with the previous day's 639.98m.

Mitsubishi Heavy Industries topped the active list with 61.53m shares changing hands, as it rose Y1 to Y325 despite heavy profit-taking pressure. Kawasaki Heavy Industries, the third busiest stock with 44.89m shares, advanced Y9 to Y195 and Ishikawajima-Harima Heavy Industries, fourth with 16.82m, gained Y5 to Y170.

The recent popularity of large-capital stocks continued, drawing active trading from institutional investors, business corporations and dealing arms of securities companies.

Nippon Steel added Y4 to Y165, Nippon Kokan Y5 to Y145 and Sumitomo Metal Industries Y2 to Y155.

Asset-heavy stocks performed strongly. Nippon Express, fifth with 15.50m shares, jumped Y12 to Y445, Tokyo Tatemono Y58 to Y923 and Keisei Electric Railway, Y6 to Y365.

Sumitomo Corp leaped Y27 to Y787 on investors' appraisal of the hidden value of securities and real estates in hand. But C. Itoh and Marubeni Corp lost Y5 each to Y425 and Y333 respectively.

Biotechnology-related stocks suffered from profit-taking. Asahi Chemical declined Y10 to Y990, Dainippon Pharmaceutical Y110 to Y3,550 and Green Cross Y60 to Y2,400. But Shionogi, the sixth busiest issue with 11.89m shares, gained Y15 to Y875 and Taiyo Fishery, tenth with 9.18m shares, Y19 to Y298.

Wall Street's overnight decline dampened blue chips, with Hitachi shedding Y10 to Y725, Fujitsu Y40 to Y1,030 and Sony Y70 to Y4,060.

Sumitomo Metal Mining lost Y30 to Y1,940. Other non-ferrous metals fared poorly.

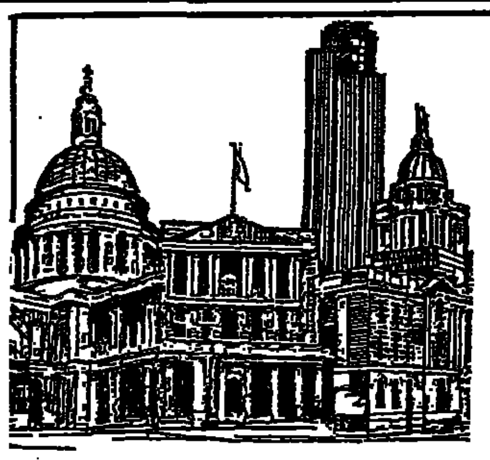
Bond prices plunged as investors, discouraged by an overnight decline in long-term U.S. government bond prices, retreated to the sidelines. The yield on 7.3 per cent government bonds, maturing in December 1993, rose sharply to 6.495 per cent from the previous day's 6.455 per cent.

HONG KONG

UNEASE over the collapse of Overseas Trust Bank in Hong Kong continued to dampen sentiment and most shares ended down, despite rising slightly from their lows of the day.

Speculative selling hit banking stocks to send Hongkong and Shanghai Bank 15 cents easier at HK$7.45, Hang Seng 50 cents to HK$46 and Bank of East Asia 60 cents to HK$22.40.

Hongkong Land, which intends to sell the Excelsior Hotel to an overseas buyer, ended unchanged at HK$5.35.



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